DEFENCE AGREEMENT 2018 - 2023

The Danish Government (Venstre (the Liberal Party), the Liberal Alliance and the Conservatives) and the Social Democrats, the Danish People's Party and the Social-Liberal Party (hereinafter referred to as "the Parties") have entered into the following agreement regarding the Danish Defence for the period 2018-2023.

Introduction
The purpose of the Danish Defence is to enforce the sovereignty of the Kingdom of Denmark and ensure the continued existence, integrity and security of the nation. Threats can occur anywhere in the world, both far from Denmark and in our region. A robust Danish defence and preparedness is the prerequisite for a safe society.

With this Agreement the Parties agree to give the Armed Forces a substantial increase that will be phased in gradually and lead to a strengthening of the Armed Forces' annual budget by DKK 4.8 billion by 2023. By the end of the agreement period the Danish Armed Forces will have more operational units and troops than today and a less top heavy organisational structure.

The Parties wish to strengthen:

- **Denmark's contributions to NATO's collective deterrence and defence.**
- **The Armed Forces' ability and capacity for international operations and international stabilisation efforts.**
- **Defence's contribution to national security, e.g. in the event of terror attacks in Denmark.**
- **The protection of Denmark against cyber attacks.**
- **The National emergency preparedness.**

The Parties agree on a 6-year framework agreement that will also include the Emergency Management Agency, and which sets out the overall direction for The Ministry of Defence areas of responsibility as well as the defence spending. This framework will allow the Minister of Defence together with the Chief of Defence to direct the activities and further organisation of the Armed Forces.

The Minister of Defence will on an annual basis inform the Parties on progress in implementing the Defence Agreement.

The new security situation
Global threats are more severe than at any other time since the fall of the Berlin Wall. Towards the east NATO faces a challenging and more assertive Russia. Instability in the Middle East and North Africa provides a breeding ground for militant Islamism that creates the foundation for terrorism and irregular migration flows. In the Arctic we see climate change and increased activity. Furthermore, the threats from cyberspace have serious security and socioeconomic consequences, and influence campaigns challenge democratic principles and rules.

The changed foreign and security political situation is the backdrop for Danish Defence in the years to come.

International cooperation - NATO is the cornerstone
NATO remains the cornerstone of Danish defence and security policy. With this Agreement, Denmark will continue to maintain our responsibility as a NATO core member state. The Defence Agreement aims towards meeting NATO's requirements and the force goals that NATO has established for Denmark.

The Parties reaffirm the importance of the Wales Declaration to increase defence spending, augment investments in relevant and required capabilities, and contribute to operations.

In addition, an active Danish engagement in the UN continues to be an important element of the Danish security and defence policy.

The security situation means that a strong international legal order, a strong Europe and effective multilateral cooperation remain in Denmark's interest. Denmark closely follows the new initiatives within EU's defence dimension, including enhanced cooperation between NATO and the EU. Additionally, defence initiatives related to EU industrial cooperation will be followed closely, respecting the Danish EU defence opt-out.

The Danish Armed Forces' increased ability and capacity
As defence expenditure gradually increases over the agreement period, the Armed Forces' ability to solve tasks over a broad spectrum will equally be strengthened. The ability to operate with larger army formations that can be deployed within NATO's territory will be improved. Therefor the Armed Forces will also have more units that can be deployed for international operations outside NATO territory, e.g. in the framework of NATO, the UN or coalitions.

The Armed Forces' ability to contribute to national security is also strengthened with a particular focus on cyber security, support for the police and national counter terrorism response. At the same time, the ability to provide national security will be enhanced in situations where a majority of the Armed Forces are deployed abroad.

The Parties agree that the Danish Armed Forces must continue to be able to participate in the full spectrum of military operations, including collective deterrence, assurance measures, counter-terrorism, stabilisation and conflict prevention efforts as well as increased presence in the Arctic. Taking into account the on-going prioritisation and the implementation of the increased budgets, these are some of the new initiatives that the Armed Forces will be able to deliver:

- In the event of an extraordinary security political situation, and with due warning, the Army can deploy a brigade (of about 4,000 troops) in the framework of NATO.
- When the brigade is not deployed its units can be sent out as smaller, independent contributions for international operations.
- The Army will stand up a light infantry battalion (up to 500 troops) to solve national security tasks or as a contribution to international operations.
- Army units will be able to assist national police forces within a few hours' notice.
- Naval frigates equipped with missiles will be able to participate in area air defence.
- The Navy and the Air Force will be able to contribute to anti-submarine warfare with sonar and anti-submarine torpedoes.
- The standing forces can be strengthened at short notice with a supplementary force of up to 4,000 troops. In addition, Army companies can be mobilised to each of the three combat battalions. Furthermore, up to approximately 20,000 troops can be mobilised in the form of repatriated conscripts from the Total Defence Force together with volunteers from the Home Guard.

The financial framework

In view of the new security political situation, the Parties agree to increase the annual Danish defence budget by DKK 800 million from 2018 with an increased trend to DKK 4.8 billion by 2023 (table 1). The Agreement is financed from the overall fiscal margin.

Table 1. Substantial increase for Defence

DKK billion, 2018 prices	2018	2019	2020	2021	2022	2023
Substantial increase	0.8	0.8	1.7	1.9	2.8	4.8

The substantial increase will bring the Danish Defence annual budget to a level that is 20 percent higher than today. At the same time, significant equipment investments over the agreement period demonstrate that Denmark aims to live up to NATO's guideline of investing 20 percent of the defence budget on new equipment.

The overall financial framework for this Agreement is shown in Appendix 1. Due to the size and complexity of the initiatives the phasing-in will be associated with a degree of uncertainty. The actual phase-in might therefore deviate from the estimates in the appendix. Despite the uncertainties, all initiatives will, however, be kept within the Agreement's general financial framework for the period 2018-2023.

With reference to the Political Agreement of 9 June 2016, the Parties note that the acquisition of new combat aircraft is budgeted for in the Finance Act for the financial year 2018, and that changes in the cost of the acquisition between the individual years within the agreed financial framework of the Agreement, including between the Defence Agreement period 2018 -2023 and subsequent period until 2027 will be reflected in the annual appropriations for the Ministry of Defence.

Strengthened Armed Forces

Together with NATO, the Danish Armed Forces must have sufficient potency, weight and robustness to deter and prevent other countries from attacking our allies - and ultimately ourselves. First and last, our Defence is to protect Denmark. The Danish Armed Forces will therefore to an even greater extend work towards providing security and safety to the Danish population, including through increased support for Danish police. Evidently, the Danish Defence plays a crucial role in protecting our security, also in case of a crisis where a majority of Danish Troops is deployed abroad and there is a requirement for NATO reinforcements to use Denmark as a staging area. Alongside, the Armed Forces will develop the ability and capacity to participate in international operations.

<u>Establishment of a deployable brigade</u>

Based on Army's current operational capabilities, work will be undertaken to build a deployable brigade which can contribute to deter a more equal opponent and take part in collective defence under a NATO framework. The brigade will strengthen the Armed Forces' overall fighting power and mobility and will enhance the ability to operate in a NATO context. When not fully deployed, the brigade's composite units can also be deployed individually thereby also enhancing the overall ability to participate more in international missions.

The brigade comprises of new and strengthened capabilities:

- More battle tanks for operations.
- Ground-based air defence.
- Anti-armour weapon systems for the combat battalions.
- Additional artillery.
- An additional reconnaissance squadron.

- Further equipment for electronic warfare and new sensors.
- A drone capacity.
- Logistics, command support, engineering equipment, etc.

With the investments from 2018 to 2023 the Armed Forces will by 2024 have a deployable brigade of approximately 4000 troops who meet NATO's force goals for a medium sized brigade.

Strengthening the frigates with Area Air Defence

The Defence frigates will be prepared and equipped with missiles so they can defend and protect a naval force and coastal areas against enemy aircraft and certain types of missiles. Area air defence is central to credible deterrence and collective defence. The frigates would also be able to deploy to international missions in a littoral area air defence role.

As part of preparing the Navy frigates for carrying missiles, a number of SM-2 missiles will be acquired, and initial preparatory work will be commenced with a view to acquiring SM-6 missiles with a longer range. This provides Denmark with a more complete frigate capacity that meets NATO's force goals on maritime area air defence.

Anti-submarine warfare

The armed forces will build an effective anti-submarine capacity that can both track and combat submarines. The anti-submarine capacity consists of the following:

- Three of the Navy frigates and support ships will be equipped to take part in anti-submarine warfare by providing them with sonar equipment that can detect submarines.
- Anti-torpedo systems will also be acquired, so ships equipped with such a system can defend themselves against enemy torpedoes.
- A number of dipping sonars will be purchased for the Armed Forces Seahawk helicopters so they can participate in anti-submarine warfare.
- Torpedoes will be procured for the Seahawk helicopters.

The Danish Defence will also prioritise enhanced cooperation with other countries regarding education and training in anti-submarine warfare. A Danish anti-submarine capacity thus fulfils NATO's force goals under this headline.

Transport aircraft

Two additional flight crews will be added to the Air Force transport aircraft C130J and the maintenance structure will be enhanced. This will increase the transport aircraft potential generation of flight hours by approximately 20 percent.

Fighter aircraft

The Political Agreement of 9 June 2016 on the acquisition of 27 F-35 air craft is endorsed. This ensures a continued ability to uphold Danish sovereignty and the ability to insert combat aircraft in international operations or ultimately to contribute to NATO's collective defence of Danish and Allied territory.

Mine laying

Training of a small number of officers will be launched to secure that fundamental knowledge of mining laying operations is maintained.

Ballistic Missile Defence (BMD)

The declaration from the NATO Summit in Wales in 2014 by which Denmark pledged to contribute to NATO's defence against ballistic missiles with a sensor capacity is re-confirmed by the Parties. A final recommendation is awaiting further studies to identify alternative, flexible options including, if necessary, a land-based contribution.

Long-range precision guided missiles

A potential future acquirement of long-range precision guided missiles ("strike capacity") will be investigated through a preliminary study that will assess a possible subsequent acquisition in the medium term (2023-2026).

Budget reserve for international operations

The reserve for international operations will gradually increase over the agreement period from the current DKK 500 million annually to DKK 750 million annually in 2023 as the ability and capacity to send military contributions to international operations are being strengthened. Any future contributions to Enhanced Forward Presence in the Baltic states (eFP) will be funded from the increased budget reserve, that will also cover capacity building initiatives, stabilisation efforts, peacekeeping efforts and counter-terrorism efforts etc., e.g. in the framework of NATO, the UN or coalitions. The Ministry of Defence's share of new international emergency preparedness commitments that are not eligible for financing by Ministry of Foreign Affairs International Development aid for DAC countries, and which have until now been financed ad hoc by the Ministry of Defence's resources, will from now on be financed by the budget reserve for international operations. The extent of activities will be determined on a regular basis with the Ministry of Foreign Affairs.

Stabilisation and capacity building:

The ability for Defence to stabilise and carry out capacity-building in areas where Danish troops are deployed needs to be further enhanced. The Ministry of Defence's contribution to the Peace and Stabilisation Fund will therefore increase gradually over the agreement period from approximately DKK 84 million to DKK 150 million by 2023.

Support for national security

There will be an increased role for the Armed Forces to play in contributing to the safety of the Danish population. The overall public resources will be put to best use when the Armed Forces' abilities to support national police forces are strengthened considerably in a number of areas:

- The Armed Forces will continue to assist the police with, inter alia, border control and guarding duties for as long as the police require it. The Armed Forces could fully or partially be responsible for support to border control, including with support from the Home Guard.
- The Armed Forces will establish a permanent helicopter response based in the Copenhagen area at very high readiness in support of the police's counter-terrorist preparedness.
- The Royal Life Guards will stand up an additional guard unit with conscripts who can be at the disposal of the police.
- Resources will be reserved for Defence to generate units on high readiness to assist the police in case of terror attacks etc..
- The Armed Forces take operational lead for protection of personnel in high-risk areas.
- The Armed Forces will set up additional special forces patrols, who could also provide special assistance to the police as required.

The Ministry of Defence and the Ministry of Justice will conduct a series of analyses in 2018 to explore the possibilities for the Ministry of Defence to provide additional assistance to the police, and future areas of potential synergies between the two will be further examined.

Light infantry battalion

A light infantry battalion will be established (with up to about 500 troops). The battalion can be deployed by air or ship and may be part of collective defence, some international operations or nationally, including in support of the police. The light infantry battalion will consist of HQ staff, HQ Company and three standing light infantry companies equipped with mortars and antitank weapons to counter armoured vehicles.

Special Operations and a National Air Operations Centre

Special Operations will be strengthened through a number of new initiatives:

- The Special Operations Command will be reorganised to accommodate for an enhanced operational capacity. In addition, investments in more operators for both the Jaeger Corps and the Frogman Corps will be carried out. In the agreement period 2018 - 2023, the number of special operation patrol units will be increased by more than 50 percent. It is the ambition to further double the number of special operations patrol units compared to today's level in the next Defence Agreement.
- The Special Operations Command will be enhanced with equipment for a deployable Special Operations HQ (Special Operations Component Command) in collaboration with the Netherlands and Belgium.
- The ability to plan and deploy special operations air task groups will be strengthened.

In addition, national crisis management is strengthened by the establishment of a National Air Operations Centre.

New military vessels solve environmental protection and pollution control tasks

The Parties note that the tender for new pollution control ships will be reconsidered in order to further examine a solution where new military vessels, in addition to their operational military tasks, when necessary, can also solve environmental protection and pollution control tasks.

Conscription and mobilisation

Conscription allows the Armed Forces to mobilise in the event of a crisis or war. National service will therefore be focussed on skills that would be required in case of mobilisation. Enrolment by conscription gives the Armed Forces increased flexibility, depth and acts as an important recruitment platform for further military education. There is also a wider cohesive effect for society as national service brings together people from all walks of life and different parts of the country.

By this Agreement, national service is retained and strengthened with an increased intake of conscripts by up to 500 new recruits annually. At the same time, the number of conscripts serving longer national service than four months will also increase. Therefore, more conscripts will be drafted for the Royal Life Guards and for the new brigade mobilisation companies, who are enrolled for eight months' of national service. There will also be more conscripts for the national emergency preparedness service. During the agreement period there will be an evaluation of conscription and national service with a view to assessing whether the number of conscripts should remain constant or be further increased.

In order to enhance the Armed Forces' ability to mobilise in case of crisis or war, a mobilisation company will be established for each of the three combat battalions in the brigade. Using conscripts on eight months national service and a five year mobilisation duty, the companies will be built up gradually. In case of mobilisation due to crisis or war, the mobilisation units will receive additional education and training prior to deployment.

The new brigade will be composed of standing forces, mobilisation units and reservists. Up to approximately 1,000 reservists may be affiliated with units and HQ's either as permanent staff or in some other form associated to the brigade.

Additional units consisting of reservists and conscripts could be formed based on the acquisition of the necessary equipment, if there should arise a wish in a subsequent political agreement to establish more mobilisation units.

The basic four month national service period will be maintained and will be focused towards identified tasks. Upon completion of national service, conscripts will be repatriated in units after which there will be a five year obligation for them to do a further six months of national service within the Total Defence Force. Together with the Home Guard, the Total Defence Force can be activated for additional training for security and force protection related tasks in crisis and war if deemed necessary.

The Parties agree to implement the necessary legislative changes that will ensure that the Total Defence Force could be mobilised, also with a view to call in former employees if such a need should occur.

National service will be preserved and it ensures that the Armed Forces' need for conscripts can be met. Today, approximately 98 percent of the conscripts join on a voluntary basis. The Parties agree that additional recruitment efforts should be made to encourage as many conscripts as possible to continue to volunteer, and more resources will therefore be allocated for the promotion and better information about national service. The Parties agree that recruitment efforts will be intensified if the overall share of volunteers fall.

The Minister of Defence will put forward legislation with a view to granting dispensation from national service for individuals who were enrolled for conscription before 2010 and who subsequently have had their national service postponed vis-à-vis the provisions in the conscription act.

The Minister of Defence is authorised to increase the intake, in case of a changed need for conscripts in the defence during the agreement period.

Home Guard

Collective defence requires Denmark together with NATO allies to be able to support and defend for instance the Baltic countries. It also means that Denmark could become a staging area for reinforcements from our NATO allies that we would have to receive and protect. A requirement to do so would be a well-functioning Home Guard and a strong Total Defence Force that could assist in receiving NATO units on Danish territory and provide the necessary host nation support in addition to securing Danish infrastructure (harbours, bridges, airports etc.).

The Home Guard's ability to mobilise will be strengthened:

- In an extraordinary situation, the Total Defence Force and the Home Guard could together mobilise approximately 20,000 troops.
- The establishment of the Total Defence Force takes place in the framework of the Home Guard.
- The possibilities for further increasing the recruitment to the Home Guard with conscripts after their completion of national service will be explored.
- Defence and Home Guard reservists (up to approximately 4,000), who are not already assigned for specific tasks within the Armed Forces, will be included.
- A prioritised modernising of the Home Guard's equipment is initiated, so that the Home Guard's ability to solve security and protection tasks is strengthened.
- Under this Agreement the foundation for deciding the Home Guard's future flotilla organisation will be established with a view to replacing the vessels belonging to the Naval Home Guard by 2023. A pilot project will be carried out regarding smaller, faster ships.

In addition, Home Guard volunteers continue to make a significant contribution to maintaining the overall preparedness of society, including through support to the Armed Forces, the Police, Emergency Preparedness Service and national taxation authorities.

National Emergency Management

The risk assessment regarding national emergency preparedness has changed compared to a few years ago. Denmark is now more challenged by, inter alia, climate-related events. As a response to these changes, there is a need to strengthen national emergency preparedness.

It is in the interest of society that Denmark has a robust emergency preparedness able to prevent and respond to the consequences of disasters both at home and abroad. To utilise the full potential of overall resources and capabilities, the national rescue preparedness now becomes part of the Defence Agreement. Increased cooperation between the Armed Forces, the Home Guard and the Emergency Management Agency contributes to ensuring robustness in overall preparedness for the benefit of society as a whole.

The operational robustness of the Danish Emergency Management Agency will be strengthened by approximately 125 additional conscripts and NCOs. In addition, a further DKK 25 million will be added for enhanced crisis management capacity and procurement of equipment, e.g. for pollution control or the prevention of natural disasters. This equipment will also be made available for use in Greenland and the Faroe Islands, should the governments there request assistance. The possibilities for increasing recruitment to the national and municipal preparedness level with conscripts that have ended their service in national rescue preparedness will be explored.

A study will be launched to examine the robustness and dimensioning of municipal rescue services. The work is expected to be completed in 2019. The study will include an analysis of whether conscripts from the national Emergency Management Agency can support relevant municipal rescue services during their service time. Terms of reference for this work will be submitted to the political Parties for approval.

A strong cyber defence

Denmark is one of the world's most digitised societies. Public authorities and private companies are closely connected digitally, both between each other and with the rest of the world. This trend will continue with increased power over the coming many years. But as society becomes more dependent on a growing number of digital solutions, we are also becoming increasingly vulnerable to cyber attacks.

Global digitalisation means that a cyber attack that originates on the other side of Earth quickly can spread to Denmark, and such attacks can within just a few hours create serious consequences for both authorities and private companies.

In Denmark, both private companies and authorities find themselves in a constant race with foreign states, hackers and individuals who keep developing new ways of using cyber attacks to reach political or economic goals. Some states show a more offensive behaviour demonstrating a will to carry out attacks with the purpose of leaking sensitive information, influence political processes or carry out destructive cyber attacks.

Cyber espionage is a security and socio-economic threat to Denmark and Danish interests, with some states persistently trying to steal information from Danish authorities and private companies. The threats from cyber espionage are not only aimed at the public sector in Denmark, where information of strategic, political and economic importance is kept, but also against Danish companies where the threat often is specifically aimed at research-based companies including in high tech, energy and pharmaceutical industries.

Finally, cybercrime is a threat to Danish authorities, private companies and citizens. This is for instance the case when cyber criminals encrypt a chosen victim's data and demand a ransom to make data available again or when hackers threaten to publish stolen data if a ransom is not paid.

Thus, the cyber threat has risen considerably in recent years, and today the cyber threat towards Denmark is very high, especially from cyber espionage and cybercrime. Helped by the technological development, new and more sophisticated attempts of cyber attacks will occur. This has security political as well as socio-economic consequences for Denmark, and at the same time it is a potential threat to our democratic ways.

The Parties take the cyber threat very seriously and wish to launch a comprehensive effort to significantly strengthen the protection of Denmark against cyber threats.

Against this backdrop, the Parties agree to strengthen Danish cyber defence based on a continually updated threat assessment and a national situational picture that shows threats to Denmark's most important digital networks, also within the area of responsibility of the Ministry of Defence. The cyber defence must also be based on closer interaction between both the public and the private sector, with a view to enhancing the protection of critical national infrastructure, e.g. within telecommunications, energy, health, finance and transportation. Through the delivery of preventive advice and assistance, a stronger cyber defence will support and be closely attached to initiatives in the coming national strategy for cyber and information security and thereby contribute to ensuring coherence and increased robustness across sectors.

The Centre for Cyber Security is the National IT Security Authority and provides a national prevention, advisory and information service on cyber security for both the public and the private sector as well as delivering tailored support in relation to specific incidents. The Centre also carries out a number of governmental tasks and acts as the central national cyber security authority. The concrete initiatives will reinforce the Centre's preventive efforts through strengthened support and guidance with a particular focus on critical sectors, including in relation to authorities and companies. Simultaneously, efforts are strengthened regarding the detection and handling of specific events and the re-establishment of security following concrete cyber attacks within public or private critical sectors. The initiatives will be focussed towards establishing a foundation for creating a national situational picture in a new national cyber situation centre that shows imminent and potential threats towards Denmark's most important digital networks.

The fight against cyber threats is enhanced through:

- Better protection against advanced cyber attacks, including by further disseminating the technologically advanced sensor network to authorities and companies.
- Establishing a 24-hour manned national cyber situational centre to help create a better general overview of threats.
- Significantly strengthening the capacity to provide preventive and advisory support in relation to, inter alia, public institutions and companies that are critical to the functioning of society, also in light of the forthcoming national strategy for cyber and information security.
- An expansion of capabilities in the Danish Defence Intelligence Service in the area of foreign developments with relevance to Danish security, including also in relation to influence operations.
- Danish participation in the NATO Cooperative Cyber Defence Centre of Excellence in Tallinn, as well as support for the European Centre of Excellence for Countering Hybrid Threats in Helsinki.
- An allocation of DKK 10 million in the agreement period for cyber security research and education which the Centre for Cyber Security manages in collaboration with relevant research institutions.

The concrete measures to strengthen Denmark's protection against cyber threats will be acted out in accordance with the rule of law and personal freedoms.

The Parties agree that the above initiatives are important steps in strengthening the robustness and defence of Danish society against cyber attacks, but it is also an area of rapid development where further action may be needed. Denmark will not hesitate to do more during the agreement period if necessary. Therefore, a reserve of DKK 500 million will be set aside over the agreement period for further initiatives, including research and education.

In total, approximately DKK 1.4 billion will be allocated for cyber defence.

A relevant Danish defence in the Arctic

The Kingdom of Denmark is centrally located in the Arctic of which it covers a significant part. Developments in the Arctic - including in Greenland and the Faroe Islands - are naturally of vital importance to Denmark.

The Danish Armed Forces have a long tradition of operating in the Arctic. The Danish Defence presence and tasks are based on close relationships with the populations and local authorities of both Greenland and the Faroe Islands. It is important to the Ministry of Defence's future presence in the Arctic to continue to strengthen and develop this relationship.

These years, major changes are taking place in the Arctic. Climate change brings not only better accessibility, but also an increased attention to the extraction of natural resources as well as intensified commercial and scientific activity. There is also increased military activity in the area.

These factors mean that the geopolitical importance of the Arctic will become increasingly significant in the coming years.

Although climate change and increased activity in the region necessitate increased presence and monitoring, it is also a priority to maintain the Arctic as a low tension area.

In cooperation with Greenland and the Faroe Islands, efforts in the Arctic are strengthened as follows:

- The Arctic Agreement of December 2016, which strengthens surveillance, command, control and communication, and operational efforts in the Arctic, are continued. New initiatives can be re-prioritised within the framework of the Agreement. In the Arctic Agreement there are annually allocated DKK 120 million for initiatives, with a sum total after six years of DKK 720 million.

In addition, a total of DKK 235 million will be allocated through this Defence Agreement to following additional initiatives.

- Earmarked funds for cleaning up abandoned US military installations in Greenland
- Investments in equipment to protect against pollution in the waters around Greenland.
- Launch of a new education in Greenland with focus on civil preparedness and contingency education, in conjunction with other on-going projects such as the Greenland Guard and with a focus on already acquired civilian competencies.
- Initial conscription enrolment assessments to be carried out in Greenland for volunteers who want to sign up for national service.
- Subsidised travel schemes for Greenlandic conscripts to travel home.
- More apprentice places for secondary school students to be established in connection to Armed Forces units.

- With a potential widening of the Ice Services area of operations Danish Defence will contribute to the mapping of the ice chart north of 62°N.
- A contribution to new land mapping of Greenland.
- The Ministry of Defence will finance the operation of the radio room (manning of the listening watch) at the maritime emergency radio in Greenland.

Research and procurement
The Parties agree that the Ministry of Defence will emphasise Corporate Social Responsibility (CSR) in future procurements.

Research stimulates public debate, creates the foundation for political discussions and raises the professional level of the Armed Forces. Therefore, the Parties want a strengthened research effort..

The Armed Forces' cooperation with industry on research and development will be strengthened in order to maintain the Danish defence industry as an attractive partner for other countries' defence industries. Additional funding will be added to the pool for co-financing projects at the Danish Defence Acquisition and Logistics Organisation. A part of the funds will be earmarked for research into cyber-related topics. Military technological research will be further strengthened during the agreement period by establishing an cooperation between relevant research institutions. A total of DKK 50 million will be earmarked for this.

With regard to drones, the Armed Forces will improve opportunities to support the related industry in Denmark. Therefore, during the agreement period, the Armed Forces will attend the UAS Denmark Test Centre, with a view to exchange experience, and will be participating in UAS Denmark's future Advisory Board, as well as make use of the capacity provided by UAS Denmark.

The arrangements with the Danish Institute of International Studies (DIIS) and the Centre for Military Studies (CMS) are continued, and the Parties wish to see increased research initiatives relating to the Baltic Sea and Baltic countries as well as on cyber related topics.

The Parties want increased focus on the challenges to international law that are associated with participation in international operations, cyber, drones and high tech and electronic warfare. The Ministry of Defence will allocate a further DKK 15 million in the period to the Centre for Military Studies for the acquiring of specialised expertise based on government tender regulations and criteria for academic excellence in an open process.

In addition, research in the veteran field and research under the Emergency Management Agency will continue.

The Ministry of Defence provides an annual allocation of DKK 250,000 to the Danish Atlantic Treaty Association for the implementation of specific projects and an annual allocation of DKK 1 million to the Danish Foreign Policy Society for the implementation of concrete projects. A total of DKK 7.5 million is allocated for this period.

Budget analyses etc.
The Armed Forces have completed a number of budget analyses that have identified efficiency proposals with total potential revenues of DKK 991 million annually when fully phased in. These measures will collectively provide a more efficient and less top heavy organisation within the Defence. Adding a number of other initiatives, the total revenue will reach approximately DKK 1 billion when all measures from the analyses are fully phased in.

The Parties agree that the actions in Annex 2 are to be implemented and that the revenue be used to finance political decisions from the Defence Agreement for the years 2013 to 2017, including the acquisition of new fighter

aircraft, strengthening of Danish Defence Intelligence Service counter terrorism efforts and growing expenses related to compensation payments to veterans affected by PTSD.

The Parties note that the budget analyses do not in their own right provide a foundation for implementation. The Minister of Defence and the Chief of Defence will decide on and direct the activities and further organisation of Defence. Subsequently, concrete implementation plans will be presented. Deviations are to be expected compared to the specific budget analyses within the framework of the principles set out in the section relating to defence establishments.

The Parties note that the implementation of the budget analyses measures will lead to a wider restructuring and resource optimisation of the Ministry of Defence organisation and affect processes and work flows, including also the relocation of jobs, and some tasks will have to be run differently drawing on fewer resources than today.

The Parties note that the Army's regiments are preserved as solid institutions that carry strong identification into the new organisation of the Armed Forces. The Armed Forces esprit de corps is essential and something that will be protected just as the Armed Forces' strong culture and traditions must be carried on.

The overall financial framework including revenues from the budget analyses and the substantial increase in expenditure are set out in Appendix 1.

The budget analyses also propose to initiate capacity analyses of rescue and troop transport helicopters (EH101) and armoured infantry (infantry fighting vehicle CV90) should be undertaken with a view to uncover potential cost optimisation related to these capacities. If such perspectives are not identified to be sufficient, it should be examined whether the capacity tasks and solutions either fully or in part can be secured in another way. The Parties agree to initiate further analyses of these capabilities.

The Parties also agree that further efficiency measures are carried out under the area of responsibility of the Ministry of Defence in the agreement period. An assessment will be made by 2019 on further analyses of efficiency options and related specific targets to be met. The new efficiency plans can be implemented from 2021, as the revenue from these measures as a starting point will be used for bolstering initiatives within under the area of responsibility of the Ministry of Defence.

Personnel

The Armed Forces will contribute to raising employees' competence levels through on-going education and competence development. This helps to ensure that the Defence remains a meaningful and attractive workplace.

The education of personnel in Defence ensures that military personnel can solve their operational tasks. The vast variety of tasks within the Armed Forces require high quality employee skills sets that in turn require a high degree of educational focus on both the military skills and the overall competence level of the employees.

<u>Part time apprentices</u>

The possibilities for initiating cooperation with relevant stakeholders regarding the use of part time apprentices will be looked into. The aim is to create apprenticeships in selected work fields and enhance such cooperation to the local business community. The concrete model should ensure that apprentices are given a permanent relationship to the Armed Forces.

<u>Opportunities for vocational education</u>

Wherever possible and relevant, the Armed Forces should seek to align military education and training with the civilian education system. This will enhance employees' opportunities for further employment and education in and outside the Armed Forces.

An analysis is being carried out which will map out possibilities for establishing vocational education in the framework of the vocational education system with a special focus on Army privates. The work will be completed and presented to the Parties by the end of 2018. If the results of the analysis work provide a basis for reviewing in salary and employment terms, this will be negotiated between the negotiating parties.

Denmark takes care of its veterans

Danish women and men in the Armed Forces make an invaluable effort for Denmark and the international community. They serve far away from their country and their families and friends and often under challenging conditions. The Parties agree that the existing veteran initiatives will be continued during the agreement period and will in addition focus on the following elements:

- Future equivalence is established in relation to Legal Documents Act 425 and 426 for veterans injured before 14 August 1996, so that they are compensated as of 1 January 2018, which requires a change of law or document.
- The current veteran initiatives that are undertaken before, during and after deployment are based on a systematic and scientific follow-up to the Armed Forces experience and research.
- Research under the Veteran Centre will be prioritised in order to secure that the continued development of veteran efforts takes place on a qualified basis.
- The selection of the Armed Forces personnel for deployment will be strengthened with increased awareness on psychological readiness and funding will be allocated for research within this field.
- The overall veteran effort will undergo an evaluation in order to focus on those areas that make a difference.

During the agreement period approximately DKK 1.8 billion will be allocated to the veteran area of which DKK 1.65 billion will be financed from the implementation of earlier decisions related to social allowances and benefits in 2017 and 2018.

The establishments of the Armed Forces

The Parties agree that the Armed Forces' existing establishments are preserved and utilised fully, among other things in accordance to operational considerations and efficient management. This includes internal rotations of units, although a minimum of rotations and relocation should be sought.

Only when the final implementation plans are drawn up will it be possible to explain in more detail the geographical effects of the implementation of the political agreement. The implementation plan will be based on the following principles:

- No garrisons are closed.
- The number of relocations is limited.
- A better regional balance is achieved.
- Professional cohesion is ensured.

Significant changes in the use of Defence establishments or relocations of larger entities and / or authorities require approval by the political parties to this Agreement.

The reservation that was stated in the Defence Agreement 2013-2017 regarding major investments at Naval Base Korsør is lifted.

The Parties agree to relocate Navy units from Nyholm and sell as much of the Nyholm property as possible. This implies that:

- The Sea Survey facility on Holmen is moved to Frederikshavn
- The Centre for Diving is moved to Korsør.
- The Navy Centre for Military Technology is moved to Korsør.
- The Naval Officer School is moved to the Svanemøllen Barracks.

The Parties agree that the historic buildings and monuments of Nyholm are to be preserved.

A comprehensive plan for the areas that will be preserved at the Nyholm site will be presented to the Parties.

ANNEX 1

NEW INITIATIVES AND THE FISCAL MARGIN

Table 1. New initiatives

DKK million, 2018 prices	2018	2019	2020	2021	2022	2023
Initiatives in new Defence Agreement:						
Deployable brigade	96	64	545	493	898	2,265
Area air defence and strike	105	50	115	83	9	329
Anti-submarine warfare	-	2	3	5	327	258
Strengthening of C130 transport aircraft capacity	-	-	-	15	32	33
Mine laying competency	1	1	1	1	1	1
Framework for international operations	-	50	100	100	200	250
Peace and Stabilisation Fund	2	4	8	16	32	66
Support to the police	179	270	239	223	223	223
Light infantry battalion	-	31	217	251	240	302
Strengthening of the special operations	5	49	76	46	61	48
Total defence force, military service and home guard, etc.	21	78	130	164	208	188
Danish Emergency Management Agency	5	5	25	42	42	37
Cyber and IT security	31	67	122	217	367	567
The Arctic	19	30	50	60	40	40
Employees and veterans	24	26	23	95	95	95
Logistics, depot, research, public education etc.	12	24	47	91	97	100
New initiatives	**500**	**750**	**1,700**	**1,900**	**2,871**	**4,800**

Table 2. Fiscal margin

DKK million, 2018 prices	2018	2019	2020	2021	2022	2023
The substantial increase	800	800	1,700	1,900	2,800	4,800
Revenue from budget analyses	45	376	556	702	940	991
Allocation for PTSD compensations	125	125	125	125	125	125
The Ministry of Defence's internal efficiency initiatives and deferrals / advances	144	145	102	60	-102	-224
Previously decided expenses	-614	-697	-783	-887	-892	-892
Fiscal margin for the new Agreement	**500**	**750**	**1,700**	**1,900**	**2,871**	**4,800**

ANNEX 2

BUDGET ANALYSES

The following efficiency measures will be implemented with estimated aggregated revenue of DKK 991 million annually when fully phased in by 2023.

The Parties note that the budget analyses do not in their own right provide a foundation for implementation.

The Minister of Defence and the Chief of Defence will decide on and direct the activities and further organisation of Defence. Subsequently, concrete implementation plans will be presented.

Deviations are to be expected compared to the specific budget analyses within the framework of the principles set out in the section of the Agreement relating to defence establishments.

Annex 2, table 1. Initiatives from budget analyses
Initiative 1: Establishing a new organisation for defence development tasks A new development and planning staff will be established in order to focus and centralise defence development related activities within Defence Command Denmark.
Initiative 2: The new organisation of the Special Operations Command Staff and support structure will be adjusted to accommodate a more operationally focused organisation (increased number of patrols).
Initiative 3: New organisation of Defence Schools Warrant officer education will be restructured. Schools are to be organised under the Defence Academy in order to optimise resource consumption of the programs.
Initiative 4: The new organisation of Army The Army Staff HQ and Danish Division will be merged and located in Karup. The Army's Level III authorities are restructured to ensure maximum focus on the operational task solution.
Initiative 5: The new organisation of the Navy The Naval Staff HQ and the Naval Tactical Staff will be merged and located in Karup. A residual part of the current tactical staff will remain in Korsør at 2nd Squadron. The Navy's Level III is restructured.
Initiative 6: The new organisation of the Air Force The Air Staff HQ and the Air Force Tactical Staff will be merged and located in Karup. The Air Force Training Centre will be closed and the training will be transferred to Defence Academy and placed on the operational wings or outsourced.
Initiative 7: Optimisation of functional levels in the Defence Command A number of positions will be classified to a lower functional level to secure that they are not being occupied with employees of a higher rank or functional expertise than required. In addition, a harmonisation of job descriptions will be carried out, so that employees in similar positions are paid more evenly.

Annex 2, table 1. Initiatives from budget analyses
Initiative 8: Modularisation of training and relocation of instructors Six concrete education programs in the Armed Forces of more than 20 days duration will be restructured in modules. Part of the programmes will take place locally instead of centrally.
Initiative 9: Relocation or disposal of the Armed Forces Library's collection The Armed Forces Library's collection at Kastellet will be moved to the Armed Forces Library Centre at Svanemøllen Barracks.
Initiative 10: Merger of Squadrons 724 and 722 Management and administration in Squadrons 724 and 722 will be merged into a single structure. The two squadrons are already located in the same building.
Initiative 11: Optimising support and administration for Air Transport Wing Aalborg and Helicopter Wing Karup Support and management functions in Air Transport Wing Aalborg and Helicopter Wing Karup will be optimised by minimising internal duplication of tasks.
Initiative 12: Optimisation of Management Secretariat in the Defence Command The Defence Command's management secretariat will be optimised by merging the Press and Communication Sections and by centralising press and public information tasks.
Initiative 13: Reduction in number of internationally posted personnel The number of personnel who are posted internationally will be reduced by approximately 10 percent based on concrete assessments to limit potential strategic implications.
Initiative 14: Optimisation of organisational resource consumption The operational resource consumption in the operative units will be optimised through: 1) streamlining of outfit, 2) controlling procedures on consumption of equipment, 3) Establishment of processes focusing on the reduction of material loss.
Initiative 15: Optimisation of maintenance capacity Maintenance capacity (workshop area) is optimised through increased coordination between the Armed Forces workplaces and virtual maintenance centres that will be organisationally linked.
Initiative 16: Joint services transport capacity Expenditures for civilian transport providers will be reduced through better utilisation of the Armed Forces own capacity in the area.
Initiative 17: Optimised use of personnel groups Optimisation within general maintenance and air traffic management in order to secure that tasks that do not require an optimised use of personnel groups must be ensured by eliminating tasks that do not require military competencies by civilians rather than military personnel.
Initiative 18: Optimisation of span of control in the maintenance area The number of maintenance managers will be reduced by enlarged leadership span in fewer management positions.

Annex 2, table 1. Initiatives from budget analyses
Initiative 19: Better planning of surplus hours The payment of overtime work in the Armed Forces is reduced through better planning and utilisation of hours that are in deficit.
Initiative 20: Harmonisation of operational requirements and procurement processes Equipment procurement processes are being restructured with a view to achieving an initial harmonisation of operational needs, better procurement possibilities and commercial considerations.
Initiative 21: Better commercial procurement A potential will be obtained in connection with commercially based supply contracts in the equipment and IT areas, as well as in the subsequent follow-up and supply management processes.
Initiative 22: Category Management Work on purchases through category programs (grouping of procurement volume / consumption) is continued and expanded.
Initiative 23: Taking back IT development tasks The Danish Defence Acquisition and Logistics Organisation will hire personnel to carry out IT development tasks rather than using out-sourced IT services.
Initiative 24: Consolidation and optimisation of IT in Defence A joint IT optimisation project across centralised defence authorities will be launched to further consolidate use of IT in the Armed Forces with a view to achieve higher efficiency, increased operational performance and increased IT security.
Initiative 25: Adjustment of Danish Defence Acquisition and Logistics Organisation An optimisation of the organisational structure will be carried out in Danish Defence Acquisition and Logistics Organisation.
Initiative 26: Supply area optimisation A number of optimisation measures will be implemented in the supply area, including organisational adjustments and a merger of the Air Force's supply depots with the other depots under the auspices of the Armed Forces supply and depot services.
Initiative 27: Reduce use of the legal advisor to the Danish government and increase internal legal service Danish Defence Acquisition and Logistics Organisation will use internal legal service in specified areas and reduce the use of the externally placed legal advisor to the Danish government.
Initiative 28: Development and optimisation of vehicle pool concepts The existing centralised vehicle pool sharing concept will be further optimised and expanded.
Initiative 29: Centralisation of general procurement

Annex 2, table 1. Initiatives from budget analyses
A joint purchasing function is set up in the Danish Defence Acquisition and Logistics Organisation to achieve better purchase prices and increased standardisation of products and services.
Initiative 30: Insourcing of consultancy tasks Permanent positions will be established in Danish Defence Acquisition and Logistics Organisation to manage specific tasks currently being carried out by externally hired consultants.
Initiative 31: Increased use of videoconferences The number of day trips will be reduced by 15-30 percent by having more meetings via video conferencing.
Initiative 32: Optimised planning and reduction of internal seminars The number of seminars, including office seminars, which takes place over two days, will be reduced.
Initiative 33: Increased use of own establishments A 30-70 percent reduction of Defence annual hotel accommodation costs will be achieved by overnight stays at Defence establishments instead.
Initiative 34: Better management of office supplies The use of office supplies will be reduced through reducing the variety of supplies available.
Initiative 35: Establishment of public service channels at the Armed Forces' establishments TV subscription packages in guest rooms at Defence establishments will be terminated, leaving only national public service channels available in the rooms.
Initiative 36: Reduction in activated SIM card in stock The number of active SIM cards in stock is reduced.
Initiative 37: Reduction of course lengths and number of participants Mandatory administrative courses will be reduced in length, the use of digital learning resources increased and the extent of learning goals reduced if necessary.
Initiative 38: Administrative Communities Administrative communities to be established with a view to achieving economies of scale, increased professionalisation, improved digital support and increased operational reliability.
Initiative 39: Joint Defence Course Management A centralised course administration will be established in Defence in order to achieve economies of scale.