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PESCO – NATIONAL IMPLEMENTATION PLAN OF FINLAND

INTRODUCTION

Finland's principal foreign and security policy objectives are the strengthening of Finland's international position, the safeguarding of the country's independence, sovereignty and territorial integrity, and the promotion of the security, well-being and core values of its population. In this, military defence of the whole of Finland will continue to be the most important function of the Finnish Defence Forces (FDF).

The European Union is the central frame of reference of Finland's foreign and security policy, and an important security community. Finland promotes the development of defence cooperation within the EU so that the Union and its Member States can be better prepared to meet the security requirements of the future and to improve their crisis resilience. The Union has a role in defending the citizens of its Member States and its territory. It carries out this role by supporting the Member States' defence development and by complying with the founding Treaties.

Finland considers the launching of Permanent Structured Cooperation (PESCO) a major step in strengthening EU's defence cooperation and a driving force for defence investment, capability development and operational readiness. This National Implementation Plan presents the first orientations towards meeting the PESCO commitments. Taking into account the limited timeframe, existing national plans and budgetary commitments, this document will mainly consist of initial parameters and indicative remarks. In the future, the implementation of PESCO will be integrated in national planning processes, and the National Implementation Plan will be regularly updated in line with the phased approach.

In the context of contributing to the EU Level of Ambition and implementation of the Lisbon Treaty, Finland has recently revised its legislation. Legal obstacles have been removed and decision-making specified so that Finland will be able to provide and receive international assistance, including military assistance, in different situations. This will have implications for national capability development efforts and, it will also be one of the guiding lines for the implementation of PESCO.

Finland supports an increase in EU budget funding in the defence sector. It is important to continue to develop the EU's defence cooperation in concert with NATO.

MEETING THE COMMITMENTS

1. Regularly increasing defence budgets in real terms, in order to reach agreed objectives.

Initial parameters in the attainment of the commitments

Note: The definition of defence budget and calculation criteria needs clarification so that there is a clear definition of relevant expenditures.

The Finnish defence budget for 2017 is 2 830 million euros, and the budget proposal for 2018 is 2 872 million euros. These amount to estimated 1,3% of the GDP. However, when calculated with the NATO criteria, the defence expenditure share of the GDP is estimated 0,2–0,3% higher, amounting to 1,5–1,6% of the GDP.

Envisaged national contribution to the attainment of the commitments 2019–2021



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The Government decision on spending limits for 2018–2021 indicates a gradually rising defence budget, as Finland is preparing to finance the Navy's Squadron 2020 and the new multirole fighter programme of the Air Force. During 2019–2021 the defence budget is currently envisaged to reach 1,4–1,8% of the GDP (NATO criteria calculation; estimated 1,7–2,0 % of the GDP).

Indicative preliminary remarks regarding the contribution to the attainment of the commitments 2022–2025

During the years 2022–2025 the defence budget is indicated preliminarily to remain at the level of 1,8% of the GDP (NATO criteria calculation; estimated 2,0% of the GDP).

2. Successive medium-term increase in defence investment expenditure to 20% of total defence spending (collective benchmark) in order to fill strategic capability gaps by participating in defence capabilities projects in accordance with CDP and Coordinated Annual Review (CARD).

Initial parameters in the attainment of the commitments

The Finnish defence budget for 2017 is 2 830 million euros. Military defence expenditure (excl. VAT) is 2 396 million euros, which includes 22,7% share of procurement of materiel and troop equipment (excl. VAT). The budget proposal for 2018 is 2 872 million euros. Military defence expenditure (excl. VAT) is 2 426 million euros, which includes 23,1% share of procurement of materiel and troop equipment (excl. VAT).

Calculated with the NATO criteria, the share of major equipment spending of total defence expenditures (excl. VAT) is estimated 15,4% in 2017 and 15,6% in 2018.

Envisaged national contribution to the attainment of the commitments 2019–2021

The government decision on spending limits for 2018–2021 indicates a gradually rising defence budget, particularly procurement of materiel expenditure, as Finland is preparing to finance the Navy's Squadron 2020 and new multirole fighter programme of the Air Force. Calculated with the NATO criteria, the share of major equipment spending of total defence expenditures (excl. VAT) will increase above 20% during 2019–2020, reaching estimated 40% in 2021 due to the aforementioned strategic capability projects.

Indicative preliminary remarks regarding the contribution to the attainment of the commitments 2022–2025

An indicative preliminary estimation is that the share of the procurement of materiel expenditure of the total defence spending will remain at least at the same level as in 2021 due to the strategic capability projects.



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- 3. Increasing joint and “collaborative” strategic defence capabilities projects. Such joint and collaborative projects should be supported through the European Defence Fund if required and as appropriate.**

Initial parameters in the attainment of the commitments

Finland is committed to enhancing European capability cooperation throughout the lifecycle of capabilities based on national needs. Land, maritime and air defence, as well as joint capabilities, will be developed in line with the requirements of the operating environment. New capabilities will be created for the cyber domain. Finland purposefully promotes the development of defence cooperation within the European Union and the development of its defence policy. The technology areas that are critical to Finland’s defence were defined by the Government Resolution on Securing the Finnish Defence Technological and Industrial Base (MoD 2016); C4, ISTAR, Engagement and Protection. Research on these areas requires international cooperation and partners.

The project proposals possibly to be presented for EDIDP/EDF funding are under consideration.

Finland also participates in several NATO Smart Defence projects. In November 2017, Finland joined NATO’s multinational cooperation arrangement on the Air-to-Ground Precision Guided Munition (PGM) under a Memorandum of Understanding.

- 4. Increasing the share of expenditure allocated to defence research and technology with a view to nearing the 2% of total defence spending (collective benchmark).**

Initial parameters in the attainment of the commitments

The share of R&T expenditure in 2017 and in the budget proposal for 2018 is estimated at 1,9% of the military defence expenditure (excluding VAT).

Envisaged national contribution to the attainment of the commitments 2019–2021

Finland will increase the share of expenditure allocated to defence R&T in order to reach the target of 2% by 2021.

Indicative preliminary remarks regarding the contribution to the attainment of the commitments 2022–2025

An indicative preliminary target is to maintain the 2% level during 2022–2025.

- 5. Establishment of a regular review of these commitments (with the aim of endorsement by the Council).**

Finland’s position is that CARD should be used in the review to the maximum extent.



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6. Playing a substantial role in capability development within the EU, including within the framework of CARD, in order to ensure the availability of the necessary capabilities for achieving the level of ambition in Europe.

Finland participates in all 12 of the EDA's Capability Technology groups (CapTechs) as well as the groups on Energy and Cyber. Drawing from CapTech expertise, Finland contributes to the OSRA work e.g. via scoring Technology Building Blocks in each technology area. The result is a priority list of technologies, which will be further developed in the next iteration of OSRA, reflecting also the updated CDP2018. Finland participates also in many of the 2014 CDP-priorities and is participating in the ongoing 2018 CDP-priority process.

As a comment on the EDA template, Finland points out that the EU Level of Ambition is not derived from the Requirement Catalogue 17 that only covers part of the three strategic priorities and is but a contribution to the Capability Development Plan.

7. Commitment to support the CARD to the maximum extent possible acknowledging the voluntary nature of the review and individual constraints of participating Member States.

Initial parameters in the attainment of the commitments

Finland is committed to support the CARD pilot to the maximum extent taking into consideration national constraints. Finland has also seconded cost-free SNE to the EDA. NATO will be invited to participate in the bilateral meeting with the EDA.

8. Commitment to the intensive involvement of a future European Defence Fund in multinational procurement with identified EU added value.

Initial parameters in the attainment of the commitments

Finland has taken a government position on supporting an increase in EU budget funding in the defence sector. Finland calls for a sufficient budget for defence research under the next MFF. Finland looks forward to the European Defence Industrial Programme in 2019–2020 and will support the preparations for a possible future programme, including during Finland's EU Presidency in 2019. Finland will also actively take part in the discussions on the "third pillar" of the Defence Fund, i.e. the financial toolbox.

9. Commitment to drawing up harmonised requirements for all capability development projects agreed by participating Member States.

Initial parameters in the attainment of the commitments

Finland participates in 9 EDA major R&T projects and 13 Capability projects as well as several fora, working groups or user groups in both domains; also one major OCCAR programme (ESSOR). In the majority of these projects the requirements have been harmonized with other pMS. Finland does not in principle have any limitations to which type of capability this kind of cooperation can apply. Finland stands ready to cooperate with other pMS through the whole life-cycle of capability. All international cooperation must support national capability development. The requirements will be harmonized when appropriate taking the objectives of the projects into consideration.



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10. Commitment to considering the joint use of existing capabilities in order to optimize the available resources and improve their overall effectiveness.

Initial parameters in the attainment of the commitments

Finland will continue to support efforts towards pooling and sharing of defence capabilities, having participated in most of the P&S projects of the EDA. However, national defence is the main task of the FDF. Due to this, it is vital to ensure the availability of all the needed military capabilities for national defence. This sets limitations to pooling.

The Hybrid Centre of Excellence will support the EU and its Member States, as well as NATO, in countering hybrid threats, including in the fields of research, analysis, doctrine development, training and exercises.

On joint use of cyber defence capabilities see commitment 11.

11. Commitment to ensure increasing efforts in the cooperation on cyber defence, such as information sharing, training and operational support.

Initial parameters in the attainment of the commitments

Finland recently assumed the lead for the first ever Cyber Defence Pooling & Sharing Project in the EDA. The Cyber Ranges Federation Project aims at increasing the availability of existing and emerging cyber range facilities, increasing the occupation rate and efficiency of cyber ranges and platforms as well as mainstreaming and improving training, exercises and testing at European level.

Envisaged national contribution to the attainment of the commitments 2019–2021

Finland will join the PESCO project on cyber defence (Mutual Assistance in Cyber Security and Cyber Rapid Response Teams), pending its approval on the list of first PESCO projects.



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12. With regard to availability and deployability of the forces, the participating Member States are committed to:

- Making available formations, that are strategically deployable, for the realization of the EU LoA, in addition to a potential deployment of an EUBG. This commitment does neither cover a readiness force, a standing force nor a stand by force.
- Developing a solid instrument (e.g. a data base) which will only be accessible to participating Member States and contributing nations to record available and rapidly deployable capabilities in order to facilitate and accelerate the Force Generation Process.
- Aiming for fast-tracked political commitment at national level, including possibly reviewing their national decision-making procedures.
- Providing substantial support within means and capabilities to CSDP operations (e.g. EUFOR) and missions (e.g. EU Training Missions) - with personnel, materiel, training, exercise support, infrastructure or otherwise - which have been unanimously decided by the Council, without prejudice to any decision on contributions to CSDP operations and without prejudice to any constitutional constraints,
- Substantially contributing to EU BG by confirmation of contributions in principle at least four years in advance, with a stand-by period in line with the EU BG concept, obligation to carry out EU BG exercises for the EU BG force package (framework nation) and/or to participate in these exercises (all EU Member States participating in EU BG).
- Simplifying and standardizing cross border military transport in Europe for enabling rapid deployment of military materiel and personnel.
- Active contribution to FGC, including the presentation of bilateral activities apart from the subject - related provision of military capabilities

Initial parameters in the attainment of the commitments

Finland will continue to develop its Defence Forces in various fora, including:

- Finland's partnership with NATO has been further reinforced during the past years. Finland has been granted the status of Enhanced Opportunities. Finland considers the Planning and Review Process (PARP) a cornerstone to develop capabilities and interoperability, and continues to deepen the linkage between the national development programmes of the Finnish Defence Forces and the PARP Partnership Goals. In the context of the PARP process, Finland also lists the national pool of forces and capabilities that are available for multinational, including NATO-led, operations, training and exercises on a case-by-case basis. Finland has participated in the NATO Response Force (NRF) in a supplementary role since 2012 through declaring troops to the Response Forces Pool (RFP), currently the Follow-on-Forces Group (FFG). In 2018 Finland will contribute an F-18 Hornet Squadron and in 2019 a Mechanized Infantry Company/Unit. The planned contribution for 2020 will be a Mine Hunter Coastal and Light Amphibious Infantry Company.
- Finland has three units in UN Peacekeeping Capability Readiness System (UNPCRS). Units will be in UNPCRS until further notice
- Nordic Defence Cooperation (NORDEFCO) will be intensified, among other things, in situational awareness cooperation and in training and exercises. Finland aims to increase the Nordic use of naval and air bases and training areas."
- Finland and Sweden will deepen their mutual defence cooperation which is being developed to facilitate operational planning in all situations. Examples of these may include the protection of territorial integrity or exercising the inherent right of collective self-defence pursuant to Article 51 of the UN Charter. No predetermined limits will be set on deepening the bilateral defence cooperation.
- Finland will participate in the UK-led Joint Expeditionary Task Force with a view to achieving full operational capability by the summer of 2018.
- Finland has joined the German-led Framework Nations Concept. Finland takes part in in certain capability clusters and has an observer role in FNC's larger troop formations.



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In the context of contributing to the EU Level of Ambition and implementation of the Lisbon Treaty (notably Articles 222 TFEU and 42.7 TEU) Finland has revised its legislation in 2017 to remove legal obstacles so that Finland will be able to provide and receive international assistance, including military assistance, in different situations. The amended acts will especially specify the regulations on the decision-making on the provision and reception of international assistance. The Act also provides for a procedure for urgent decisions at ministerial level and for a procedure for urgent situations requiring the use of military force. The Finnish Defence Forces and the Border Guard can in future provide such assistance to the police which involves the use of armed force outside Finnish territory.

Envisaged national contribution to the attainment of the commitments 2019–2021

Finland will continue its active participation in international crisis management as a part of its foreign and security policy influencing and international defence cooperation. Up to now, Finland has participated in most of the military CSDP operations. Finland is also a strong contributor to civilian crisis management, having currently the biggest per capita contribution among the EU Member States. Finland has been a forerunner in the conceptual development of Civilian CSDP. In addition, Finland currently contributes approximately 400–500 military personnel to 11 operations led by NATO, the EU, the UN, and the coalition against ISIL.

Finland will continue its regular participation in the EU Battlegroups and prepares to participate in the BG led by Germany in the 2nd half of 2020. Finland continues to support more systematic arrangements and commitments for the Battlegroups to promote predictability, consistency and a more equitable sharing of the burden. Finland is committed to contributing to the update of the RR database (cf. PARP process concerning deployable forces).

Finland will participate in international training and exercises with a focus on demanding international exercises. Finland continues to invite international partners to its national exercises, which can be combined with partners' exercises.

Finland will join the PESCO project on Military Mobility, pending its approval on the list of first PESCO projects.



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- 13. With regard to interoperability of forces, the participating Member States are committed to:**
- **Developing the interoperability of their forces by:**
 - Commitment to agree on common evaluation and validation criteria for the EU BG force package aligned with NATO standards while maintaining national certification.
 - Commitment to agree on common technical and operational standards of forces acknowledging that they need to ensure interoperability with NATO.
 - **Optimizing multinational structures: participating Member States could commit to joining and playing an active role in the main existing and possible future structures partaking in European external action in the military field (EUROCORPS, EUROMARFOR, EUROGENDFOR, MCCE/ATARES/SEOS).**

Initial parameters in the attainment of the commitments

Finland will continue its commitment to multinational structures. It currently participates with around 50 personnel in a range of multinational HQs, including in the EU and NATO frameworks and in various UN, OSCE, Nordic and United States' structures.

Finland can support agreeing on common evaluation and validation criteria for the EU BG force package aligned with NATO standards while maintaining national certification or approval in NATO's evaluation process.

- 14. Participating Member States will strive for an ambitious approach to common funding of military CSDP operations and missions, beyond what will be defined as common cost according to the Athena council decision.**

Initial parameters in the attainment of the commitments

Finland has been consistently in favour of extending the scope of common funding and has played an active role in the ongoing Athena review. Finland stands ready to extend common funding beyond what has been agreed, for example to deployments and redeployments of military CSDP operations and missions.

Finland continues to call for a dedicated instrument for CBSD related expenses under the next MFF, as the IcSP amendment only covers part of the necessary areas.

Envisaged national contribution to the attainment of the commitments 2019–2021

- 15. Help to overcome capability shortcomings identified under the Capability Development Plan (CDP) and CARD. These capability projects shall increase Europe's strategic autonomy and strengthen the European Defence Technological and Industrial Base (EDTIB).**

Initial parameters in the attainment of the commitments

The Capability Development Plan (CDP) should be the backbone of EU capability cooperation and the link to national planning. Finland will continue to emphasize that CDP priorities should address both the main shortfalls of expeditionary operations and also aspects related to other concerns of Member States, such as territorial defence. Finland will participate in the CDP work and in R&T projects under the EDA, and supports the strengthening of the EDTIB. The CARD recommendations will be taken into account.

In the national context, OSRA provides input for strategic planning of R&D and capability development. OSRA facilitates the work of the Finnish Defence Forces in monitoring technology



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trends and helps prioritize domestic R&D areas in light of the research carried out at the European level. A secondary benefit of OSRA is informing the domestic defence research and industry community on the European focus areas.

16. Consider as a priority a European collaborative approach in order to fill capability shortcomings identified at national level and, as a general rule, only use an exclusively national approach if such an examination has been already carried out.

Initial parameters in the attainment of the commitments

The Procurement Principles of the Finnish Defence Forces clearly state that cooperation opportunities on the European and international levels shall be established in an early planning phase of a project and always before a new procurement process is started while also taking into account life-cycle management and security of supply.

When considering participation in cooperative capability programmes Finland places special emphasis on ensuring the maximum cost-effectiveness for the government while taking into account the state's essential security interests.

17. Take part in at least one project under the PESCO which develops or provides capabilities identified as strategically relevant by Member States.

Initial parameters in the attainment of the commitments

Finland has expressed its interest to join the following PESCO projects:

- Cross-border Military Mobility
- ESSOR
- Mutual Assistance in Cyber Security and Cyber Rapid Response Teams

In addition, Finland may be interested in participating in other projects as an observer if such a possibility is established.

18. Commitment to the use of EDA as the European forum for joint capability development and consider the OCCAR as the preferred collaborative program managing organization.

Initial parameters in the attainment of the commitments

See questions 9 and 16.



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- 19. Ensure that all projects with regard to capabilities led by participating Member States make the European defence industry more competitive via an appropriate industrial policy which avoids unnecessary overlap.**

Initial parameters in the attainment of the commitments

Finland has not yet committed to any projects to be funded under the EDF. European Defence Industrial development Program (EDIDP) is still at early stage of preparation and the EU regulation establishing the program has not been adopted.

Finland continues its active participation in the Preparatory Action for Defence Research work programmes in order to incorporate themes benefitting Finland's interest to them. Concurrently, Finland is waiting for the first results and the decisions on projects to be funded under PADR. Active influencing in the preparation of substance and governance model of the future European Defence Research Programme (EDRP) is of importance for the benefit of Finnish beneficiaries.

- 20. Ensure that the cooperation programmes - which must only benefit entities which demonstrably provide added value on EU territory - and the acquisition strategies adopted by the participating Member States will have a positive impact on the EDTIB.**

See question 19.