



# NORWEGIAN DEFENCE AND SECURITY INDUSTRIES ASSOCIATION (FSi)

THE LEADING ASSOCIATION IN NORWAY ADVOCATING THE INTERESTS OF ITS SECTOR, AND THE PRIMARY INTERLOCUTOR FOR THE GOVERNMENT IN MATTERS OF IMPORTANCE TO THE INDUSTRY. AFFILIATED WITH THE CONFEDERATION OF NORWEGIAN ENTERPRISE (NHO) AND REPRESENTING MORE THAN 100 COMPANIES

## LEDEREN HAR ORDET:

### Nordisk Forsvarssamarbeid - En mulighet for norsk forsvarsindustri?

En nylig fremlagt studie, gjennomført på oppdrag fra forsvarssjefene i Norge og Sverige, konkluderer bl.a. med at ved å operere de samme plattformene og systemene i begge land kan det oppnåes en betydelig effektiviseringsgevinst som gjør det mulig å opprettholde og videreutvikle flere nasjonale militære kapasiteter i fremtiden. Studien er i første omgang begrenset til Norge og Sverige, men utvides nå til også å omfatte Finland.

Ved å anskaffe likt materiell og like systemer skal det altså kunne oppnåes en betydelig effektiviseringsgevinst gjennom at en kan etablere felles støtteapparat og dermed frigjøre ressurser til operativ virksomhet i begge land. I flg. myndighetene representerer dette også en mulighet for industrielt samarbeid bl.a. fordi:

- Flernasjonalt materiellsamarbeid blir stadig mer nødvendig
- Industrien har en viktig rolle i den videre moderniseringen av landenes forsvar - kompetanse, materiell og tjenester
- Det eksisterer konkurransedyktige industrier i Norge og Sverige

Et felles nordisk marked for Forsvarsmateriell, som på sikt vil bli konsekvensen av den utviklingen studien beskriver, er fra et industrielt perspektiv interessant. Et nordisk hjemmemarked vil bli større enn for eksempel det italienske og spanske, og utgjøre om lag 2/3 av det tyske markedet for utvikling og anskaffelse av materiell.

Studien beskriver et samarbeid som skal gjøre det mulig å videreføre en bredde av nasjonale operative kapasiteter. Det er m.a.o ikke snakk om militær rollespesialisering mellom landene. For industrien er imidlertid bildet annerledes. Der vil konsekvensen bli en form for rollespesialisering fordi det ikke i særlig grad vil være rom for overlappende industrielle miljøer i et nordisk hjemmemarked. Ettersom det i dag i betydelig grad er overlappende industriell kompetanse i de tre land byr dette på utfordringer. Et nordisk hjemmemarked vil bli en driver for restrukturering av industrien. Skal det bli vellykket er det avgjørende at det skjer på en balansert måte. I dag er det slik at det er stor forskjell i bredden av industrielle kapasiteter i de tre

landene. Derfor forutsetter en vellykket restrukturering at noen må være villige til å gi opp noe og fortrinnsvis må det skje der hvor det fra før av er mest.

Styrt på riktig måte kan et nordisk forsvarssamarbeid gi et større hjemmemarked, styrket konkurransekraft internasjonalt og restrukturering av industrien, men det forutsetter:

- En omforent politisk målsetting om en nordisk Forsvarsindustriell og -teknologisk base som skal understøtte fremtidige nordiske operative militære kapasiteter. Dette må omfatte en nordisk forsvarsindustriestrategi

- Politisk vilje til å styre samarbeidet slik at det legges til rette for industrielt samarbeid og en balansert restrukturering

Det innebærer:

- Parallelle beslutninger om viktige programmer
- Langsiktige forpliktelser mellom alle parter
- Prioritering av kompetanse- og teknologiområder som skal videreutvikles og styrkes ved å:
  - Finansiere nordiske utviklings- og demonstrator-

programmer

- Deltagelse i tidlige faser av internasjonale samarbeidsprosjekter
- Utnytte industriens kompetanse og kapasitet til videreutvikling, drift og vedlikehold av eksisterende og nye systemer

- Koordinert opptreden og samarbeid i europeiske fora (EDA/ASD) og i forhold til flernasjonale samarbeidsprosjekter.

#### MEN VIKTIGST AV ALT:

De diskusjoner og forhandlinger mellom myndighetene, særlig i Sverige og Norge, som pågår bl.a. vedrørende fremtidig artilleri, ubåter og evt. kampfly må gi resultater på kort sikt. Resultater som bidrar til å bygge troverdighet i.f.t. at myndighetene er i stand til å finne løsninger som også sikrer at de industrielle kompetansemiljøene i Norge, som Forsvaret og FD har gitt prioritet, styrkes og videreutvikles er avgjørende for at norsk industri skal bli overbevist om at et utvidet nordisk samarbeid vil være til industriens beste.



P.O. Box 5250 Majorstuen,  
NO- 0303 Oslo. NORWAY

Tel: + 47 23 08 80 00  
Telefax: + 47 23 08 80 18

E-mail: fsi@nho.no  
Internet: www.fsi.no

# Info/Erfa Convention

**More than 200 delegates found their way to Soria Moria atop Holmenkollen in Oslo on the 15th and 16th of April, where FSi arranged its annual Info/Erfa Convention. The conference dealt with Defence procurements for the coming years. The Combat Aircraft Project was of course mentioned many times during the convention.**

State Secretary Espen Barth Eide held the convention's introductory speech, calling attention to how the present Norwegian government puts a lot of weight on the affiliation between Defence, business and industry. Barth Eide also underlined how the Proposition to Storting 48 makes plans for increases in defence budgeting that is slightly higher than national price increases in general.

"The defence budget will get an extra 800 million so-called Sverre-kroner", State Secretary Eide said, referring to Chief of Defence Sverre Diesen and his argument that cost increases for Defence and defence activities are actually higher than cost increases for society in general.

"With this, more money in the defence budget will compensate for sector-based cost inflation in areas related to Defence", Barth Eide concluded, explaining that "this will generate a lot of money; an additional 800 million can grow quickly to 1.2-1.3 billion when sector-based cost inflation is added".

Barth Eide also emphasised that the government is prepared to raise the number of all full-time positions at Defence to approximately 17 000 persons. Previous goals were set at 15 000 full-time positions. The Army would benefit especially from this increase.

"The total number of

full-time Army positions rose 45% since 2005", said Barth Eide, stressing that "even though this number sounds impressive, 2005 was the absolute lowest year for Army professions. The national long-term plan for the military arranges for an increase of 550 new positions, strengthening the brigade structure significantly".

## FLO lacks people

When Chief of Norwegian Defence Logistics Organization (FLO) Major General Trond Karlsen took the rostrum he also pointed attention at Report to Storting 38 as many of today's speakers did, saying that Defence needs are the basis for Defence purchases.

Industry expected more vigour from implementing ideas implied in Report to Storting 38, and must now lower its expectations. FLO still has great challenges ahead to finish previously unfinished essential materials and equipment projects.

"FLO is presently capable of working on approximately 100 projects at a time. We currently have 250 projects in progress", said Karlsen, concluding by saying that "the greatest challenge at FLO is our lack of personnel".

"It seems paradoxical considering all the time that was used to scale down the organization by two-thirds since 2001", said Karlsen.

"But the result is that

today we struggle with a lack of expertise; particularly technical, but also in commercial areas".

FLO has also been criticised for not being able to use all the funds it has been granted. Trond Karlsen emphasizes, "It presently takes at least 18-36 months before payments are made on projects from the moment FLO receives assignments, if a project is running normally. At any rate, there is now a lot of pressure on the defence supplier market. This means there is a waiting line for getting one's orders from suppliers. Orders are piling up at supplier side. This leads to long waiting time until payment is made. In the worst case, the delivery can be delayed - as it was for the NH 90 Helicopters. We have a difficult time shuf-

fling projects to get the funds we need for these already".

Trond Karlsen also underlined that in many ways FLO is the division at Defence most affected by reorganization and relocation processes presently occurring there in recent years, also predicted for the future by Proposition to the Storting 48.

Karlsen also spoke of the possibility of saving money through multinational collaborations.

"Our experience with multinational collaboration projects has been good, but I should emphasize that there is not always a lot of economic savings to be had through such multinational projects. Those who believe such collaborations would give enormous savings



Major General Trond Karlsen, Chief of Norwegian Defence Logistics Organization (FLO), wants more talented co-workers more than anything else.

Photo: MilitærTeknikk

should calm down a bit”, Karlsen said.

Karlsen asked whether logistics have improved, giving the answer himself.

“In 2008 we currently carry out logistics activities for about 1.9 billion NOK less than we did in 2004. Some people would say that we have saved too much. I would really like to invest some of that money in other areas where we truly lack capacity”.

“So to my own question I would answer, we have not become better, but we are getting cheaper”.

The Head of Investment Division at the Norwegian Defence Logistics Organization, Asle J. Kjelsberg discussed some individual projects in more detail, stating that so-called “off-the-shelf goods” do not exist.

“In such cases, one would need to buy used materials and equipment”, Kjelsberg said in conclusion.

One of the projects Kjelsberg mentioned was the rushed procurement of IVECO Light Armoured Vehicles.

“This procurement was done quickly. One of the most important stipulations for the procurement contract was the ability to make deliveries fast. The vehicles have proven to satisfy requirements for protection, even in real-life situations”.

“We purchased 25 vehicles of this type. Just before Christmas, we signed a new contract for 35 additional vehicles. As of today, 12 of the final 35 vehicles have been delivered, and we look forward to the procurement of another 63 IVECOs for the future, hopeful-

ly with greater load carrying capacities”.

“It is true what was written in the press, namely that there have been technical problems with the first vehicles. We should not forget that these vehicles were new, right off the production line; we have not had time to test them before being sent on missions. At any rate, the supplier informed us that the most serious errors will be corrected”, Kjelsberg stated in conclusion.

Sverre Diesen said, “If Defence is to be shut down, please do it quickly”.

Chief of Defence Sverre Diesen held one of the main speeches on the second day of the convention. The Chief of Defence spoke about increased Russian activity in the north in recent years, not wanting to read too much into it.

“The Russians are beginning to climb out of a hole they have been digging for themselves the last 10-15 years, in economic and military terms. It is a bit farfetched to say their activities in the north can be compared with activity during the Cold War”, Diesen concluded.

Diesen also emphasized, “It was not at all certain our allies have the same interests in our northern territories as Norway has. If anything were to happen, we would pretty much be alone in protecting Norwegian interests and sovereignty. Of course, if a conflict became too great or represented a security risk, I am certain our allies would enter with force”, Diesen stressed.

Diesen also illustrated the significance of technological superiority in warfare, using as

an example the Harekate Yolo II incident in Afghanistan. Norwegian soldiers suppressed an insurrection force of about 20 Taliban. The Taliban force saw heavy losses, but no Norwegian soldiers were injured.

The reason for this was that Norwegian soldiers were equipped with night vision and other nighttime warfare systems.

“We own the night, General Diesen said, “and we won the battle because of our technological superiority. This example illustrates how, in general, technological superiority and the outcome of its use on the battlefield are not proportional. If technological superiority increases, the outcome of conflict situations is often multiplied. Technological advantage gives complete superiority very fast, such as we saw with Norwegian forces in the Harekate Yolo II incident”, Diesen concluded.

“Still,” Diesen added, “if one is in an inferior position, one will always find some other way of doing damage”, pointing for example at improvised road bombings that are much used by insurrection forces in Afghanistan.

Diesen also discussed economic development at Defence, mentioned so often before - that cost development at Defence is higher than inflation in the Norwegian economy in general. This is due to, among other things, technological development, causing military materials and equipment to be more expensive to buy and operate.

“So, one can also say that advanced technological



“Rapid delivery was the most important factor when we purchased the IVECO LMVs. Even if we have had a few technical problems, the vehicles give our soldiers the security they need as we expected”, said Brigadier Asle Kjelsberg.

Photo: MilitærTeknikk

equipment gives greater military result”, the Chief of Defence said, “but one must also remember that most enemies are seeing the same increase in military results, in almost all cases”.

“If we calculate Defence’s specific cost increases above and beyond general inflation at approximately 2 % per year, with inflation adjustments to the defence budget of about 31 billion NOK, this means for us an annual loss in purchasing power of about 500 million NOK. We have managed to seal these leaks by using the old territorial defence strategy structure, but there is nothing more to be gained from this”, Diesen emphasized. “If we are unable to reverse purchasing power developments such as this, Defence will waste away in the next 25-30 years. If such a decision has been made in Norway, then it is much better and far cheaper to just close down all operations at once”, the Chief of Defence came to the point.

## EuroTorp Seminar, 22 and 23 May 2008



Patrick Sallen from EuroTorp hopes the Norwegian Royal Navy will purchase MU 90 light weight torpedoes, and can offer a wide spectrum of industrial collaboration packages for Norwegian industry.

Photo: MilitærTeknikk

**Norway plans to purchase new lightweight torpedoes for the Royal Norwegian Navy (RNoN). This procurement will be carried out as an open bidding process; French/Italian EuroTorp will probably offer RNoN its MU 90 lightweight torpedo.**

**F**LO expects the lightweight torpedo contract (Project P6401) to be signed at the end of this year. Delivery will probably occur during 2009-2012. Lightweight torpedoes will be used for submarine searches, and Norwegian Defence will run the torpedoes from new frigates, NH 90 helicopters and Orion P3 reconnaissance airplanes.

The contract has an

expected value of approximately 1.6 billion kroner. For this reason, stipulations from the Norwegians for signing the contract require industrial collaboration projects and/or offset purchases.

EuroTorp, in cooperation with FSi, arranged an industry-wide seminar to introduce current possibilities for industrial collaboration.

EuroTorp was founded

as a merger of two national programs for developing next-generation lightweight torpedoes. EuroTorp is owned 50% by the Italian WASS industries (a Finmeccanica Company). The other half of the shares are owned by French DCNS, which is a union of DCN International and the naval division of Thales.

Together with its owners, EuroTorp represents one of the world's largest defence industry groups; that is why possibilities with EuroTorp may offer Norwegian industry a broad spectrum of opportunities if Norway chooses lightweight torpedoes from EuroTorp.

## National Centre for Expertise in Composite Materials

**The National Centre for Expertise in Composite Materials was established in March of this year with FSi as one of its promoters. The centre's possibilities and areas of activity were presented during a composite materials seminar held under the auspices of FSi on 15 May this year.**

**S**tate secretary Annelene Svingen at the Ministry of Trade and Industry used the opportunity to officially open the National Centre for Expertise in Composite Materials, stressing in her opening speech that this venture is in line with the government's Soria Moria Declaration, which promised that the government would carry out an active business and industry policy, contributing as a partner in developing knowledge-based businesses and industries.

The state secretary emphasized that even if the Combat Aircraft Project is in many ways

a catalyst for Norwegian investment in composite industries, advanced composites is an area of international growth with great opportunities not only for aeronautics industries, but also for other fields as well.

Onno Verberne, chair of the board of directors for the National Centre for Expertise in Composite Materials, emphasized that the centre should function as a catalyst for promoting business development based on advanced composites.

"The centre will not be doing research on composite materials," Verberne underlined.

Verberne also stressed that no canon has been established for defining what advanced composites are. The assumption is that in order to be called an advanced composite, one must work with a non-homogeneous material, controlling the properties of the finished material or component through different kinds of reinforcements and materials parts.

"We are not only speaking about plastic composites, but also about metal-based or ceramic composites, to name a couple of examples," Verberne emphasized.

"We have lost many composite experts in Norway these last years; our idea is to try to make up for lost time. This is why we cannot isolate ourselves. The Norwegian composite industry is too small for that. We have to open up and meet so we can create innovative new ideas and develop skills," said Verberne, empha-

sizing that "the centre's success depends on the participation of Industry."

"This is your centre," said Verberne in conclusion, in particular addressing the 50 or so industrial representatives in the hall.



Onno Verberne is chair of the board of directors for the National Centre for Expertise in Composite Materials. The centre is located in the Raufoss Industrial Park.

Photo: MilitærTeknikk