

WILL AND ABILITY TO TAKE RESPONSIBILITY

DANISH DEFENCE AND SECURITY 2024-2033

Note: The original Danish wording takes precedence.

THE FRAMEWORK OF THE DEFENCE AGREEMENT

The Danish government (consisting of the Social Democratic Party, the Liberal Party and the Moderates) has agreed on the overall framework for Danish defence and security from 2024 and through 2033 (henceforth referred to as “the Defence Agreement”) together with the Green Left, the Denmark Democrats, the Liberal Alliance, the Conservative Party, the Social Liberal Party, the Danish People’s Party and the New Right (henceforth referred to as the “Parties”). Furthermore, the government has closely involved *Føroya Landsstýri* (the government of the Faroe Islands) and *Naalakkersuisut* (the government of Greenland) in elements related to the Faroe Islands, Greenland, the Arctic and the North Atlantic.

With this agreement, the Parties concur that the Defence Agreement is based on the *National Compromise on Danish Security Policy 2022*. This includes that Denmark will meet NATO’s target by increasing Denmark’s defence and security expenditures permanently to two percent of GDP. This also applies to NATO’s target that 20 percent of the defence budget should be spent on investments in major new equipment. The Parties also agree to permanently spend two percent of GDP on defence and security no later than 2030.

The Parties agree on the main guidelines for strengthening Danish defence and security as well as the financial framework for 2024-2033, including the restoration of the Danish Defence, etc.¹, as stated in this agreement. Allocation of the residual finances within this framework will be agreed upon through partial agreements from the fall of 2023 and onwards.

2. A HISTORIC DEFENCE AGREEMENT IN A NEW SECURITY ENVIRONMENT

Denmark is at a historic turning point in its defence and security policy. Russia’s invasion of Ukraine has brought war back to Europe. It has underlined the importance of Denmark standing together with our allies and partners in NATO and the EU.

NATO and the transatlantic bond continue to be the cornerstone of Danish defence and security policy, and Denmark must carry its share of the responsibility in NATO. At the same time, the removal of the Danish opt-out on the EU’s cooperation on security and defence provides new opportunities to take greater responsibility for peace and security in Europe and the rest of the world. Denmark must take on this responsibility as an active and reliable partner in the EU. This also applies to the challenges and opportunities in Africa. At the same time, Denmark must continue its substantial support to Ukraine’s fight for freedom.

The Parties note that the Defence Agreement reorientates Denmark’s foreign and security policy from maintaining a presence in the world’s hotspots to a greater emphasis on the areas surrounding the three regions of the Kingdom of Denmark.

The war in Ukraine has shown us that war is no longer limited to the battlefield; it also includes energy policy, protection of critical infrastructure, information warfare and cyber attacks. Denmark must be prepared to counter these threats. This places new demands on the Danish Armed Forces, national emergency preparedness and the Danish society as a whole. These new demands applies to both our regional security as well as threats and challenges emanating from the world’s hotspots. Terrorism, violent conflicts and unregulated migration streams originating from areas close to Europe will not disappear. Climate change, pandemics and natural disasters amplify these threats. The food and energy crisis hits the

¹ It is also decided to approve supplemental appropriations requests for 2024-2025 and additional expenditures on the European Peace Facility for 2024-2027.

poorest nations hardest. This calls for active Danish and European cooperation with relevant African partners. At the same time, China's global ambitions continue to challenge Denmark and our allies and partners, not least in regard to new technologies.

In order for Denmark to counter the more comprehensive and complex security environment, the foundation of the Danish Defence needs to be solid. Regrettably, this is not the case today. Therefore, the Parties agree on a financial restoration of the Danish Defence and on better financial management and management of the Defence Agreement.

In addition, the historical strengthening of Denmark's defence and security has to be broadly beneficial to the Danish society. The overall security of the Danish society will be strengthened, including within relevant agencies throughout the government. This will also be effectuated through increased societal robustness and investments that contribute to Danish industry, research and jobs, in order to strengthen and further develop our domestic defence industry.

The Parties agree that the historical strengthening of Danish defence and security will be achieved based on three overall guidelines that lay out the general strategic direction for the next ten years:

1. The will and ability to contribute to NATO, EU and our Allies and partners.
2. Investments must benefit the Danish society.
3. The restoration of the Danish Defence.

The Parties supports the ambitions in the broad political agreement titled *National Compromise on Danish Security Policy*, including that Denmark will meet NATO's target by increasing Denmark's defence and security expenditures permanently to two percent of GDP. This also applies to NATO's target that 20 percent of the defence budget should be spent on investments in major new equipment. The Parties agree that Denmark will permanently reach the two percent target at the latest from 2030 and onwards.

This requires large investments in Danish defence and security. Therefore, the Parties have agreed to invest approximately 143 billion DKK in the Defence Agreement's initiatives.

The nature of the Defence Agreement

The war in Ukraine is a clear example of how threats can suddenly change and in ways that we cannot predict. Technological developments, NATO and allies' expectations and demands, as well as the operational and military requirements of the Danish Armed Forces are continually changing. Denmark has to keep up.

This requires a different approach to Danish defence policy and planning. The Parties agree to develop a 10-year framework agreement where it is possible to continually take into account new requirements and conditions impacting Danish defence and security.

The Defence Agreement has the character of a political settlement. The political settlement includes the concrete principles in this Agreement concerning: conscription, the EU and financing as well as the financial framework, including the strengthening of the foundation of the Danish Defence, which is decided in this Agreement (restoration of the Danish Defence,

etc.²). No single party has the right to veto and block decisions made within the group of parties to the Defence Agreement.

This agreement does not bind the subsequent partial agreements as well as the allocation of the residual finances within this framework. The Parties will negotiate all partial agreements throughout the duration of the Defence Agreement including concrete initiatives and capabilities. Partial agreements can be agreed on if there is a simple majority of the Danish Parliament and a majority of the parties to the Defence Agreement.

The government of the Faroe Islands and government of Greenland will be closely involved in the aspects of the Agreement related to the North Atlantic and the Arctic regions.

All Parties behind the Defence Agreement will be included in the overall follow-up and implementation of the Agreement as well as the subsequent partial agreements. The Parties will throughout the duration of the Defence Agreement continually ensure that the strategic direction of Danish defence and security is continually adjusted to the security environment with a long-term planning horizon.

Implementation and follow-up

The Parties note that NATO's capability targets and objectives can change during the course of the Defence Agreement, and Denmark will do its part to contribute to the Alliance. Potential consequences and management hereof will be discussed amongst the Parties. The financial framework is as a clear point of departure fixed and will cover all direct and derived expenditures of the initiatives in the Defence Agreement. If the Parties decide to increase expenditures further, the Parties agree to commit to decide on new financing that improves the public finances accordingly. From now and until 2029, initiatives that cannot be reported to NATO as defence expenditures may be prioritized to a limited extent.

The Parties will meet at least twice a year to assess the implementation of the Defence Agreement as a whole and the use of the funds allocated by the Agreement. To this end, the Parties will quarterly discuss the progress made in the implementation of the Agreement and the risks pertaining to the implementation of the most important initiatives as well as the associated use of funds allocated by the Agreement. The content of the quarterly reports will be decided by the Parties after entering into this Agreement. Finally, the Parties will be briefed twice a year on the status of the Danish Ministry of Defence's financial situation as a whole.

Furthermore, the Danish Minister of Defence will continually involve the Parties if it is necessary to make adjustments to the initiatives contained in the Defence Agreement that cannot be implemented in accordance with the political agreement or if it is necessary to re-prioritize due to new needs. This is the case when, among other things, new priorities, capability targets, delays, increase in prices or changed market conditions ensue. The Parties will discuss how to make adjustments within the financial framework of the Defence Agreement. Based on preceding analyses etc., the Danish Minister of Defence will also involve the Parties in decisions on the selection of types of operational capabilities. The concrete framework for their involvement will be agreed by the Parties after entering into this Agreement.

The first partial agreement under the Defence Agreement

The Parties agree to negotiate the first partial agreement during the fall of 2023. This partial agreement will give mandate to initiate a number of analyses that will strengthen the basis

² As indicated above.

for later political decision-making. Similarly, it will be possible to make decisions on initiatives for capabilities that are considered critical. The partial agreement will ensure that the entire organization of the Danish Ministry of Defence has the necessary conditions for the build-up of the Danish Defence in accordance with the Parties' objectives of meeting NATO objectives, capability targets and expectations to a higher degree.

The Parties agree that initiatives concerning recruitment, retention and education are vital to the build-up of the Danish Defence and should be included in the negotiations on the first partial agreement.

Finally, the Parties agree that a concrete model to strengthen conscription will be negotiated during the fall of 2023.

It is vital, that the conditions for the build-up of the Danish Defence are in place before decisions are made concerning concrete new capabilities. Therefore, the government will present an initial plan for the partial agreements to the Parties following decision concerning initiatives pertaining to recruitment, retention and education during the fall of 2023.

3.1 WILL AND ABILITY TO CONTRIBUTE TO NATO, EU AND OUR ALLIES AND PARTNERS

NATO continues to be the cornerstone of Danish defence and security policy

NATO is and will remain the backbone of Denmark's security. This is underlined by the Alliance's resolute unity and strong will and ability to act in response to the war in Ukraine. The Parties agree that Denmark must meet the demands and expectations of NATO and our allies to a greater extent. We must strengthen our contribution to NATO's objectives, burden-sharing and operations. The Danish Defence must be strengthened in order to deploy more forces with greater sustainability and on higher readiness, so that Denmark can provide a robust contribution to NATO's collective deterrence and defence. To this end, the Parties agree that a main guidelines for the build-up of the Danish Defence is NATO's capability targets to Denmark. It will be key for Denmark to meet these targets to a greater extent. This build-up will be balanced with other initiatives.

NATO's capability targets and demands pertaining to Denmark will develop over time and Denmark must deliver its part to a greater extent. Therefore, the Parties will continuously and in a timely manner be involved when Denmark is evaluated by NATO and assigned new capability targets. The Parties note that efforts to meet the capability targets assigned to Denmark will continue after 2033. This is also the case concerning the continued build-up of the 1st Brigade.

Denmark will also play an active part in the EU's security and defence cooperation, which goes hand in hand with NATO's efforts. The Parties agree that Denmark must contribute to strengthening NATO-EU cooperation.

Wholehearted integration into EU's security and defence cooperation

On 1 June 2022, a broad majority of the Danish voters supported the removal of the Danish EU defence opt-out. On this background, the Parties agree that Denmark wholeheartedly engages in Europe's security and in the EU's security and defence cooperation. In a security situation with increasing instability, it is essential that the Danish Defence continues to contribute to peace and stabilisation efforts in Europe's neighbourhood, also through the EU's military missions and operations. This may be in the Western Balkans, North Africa and Sahel, or in other neighbouring regions. At the same time, dialogue and development of partnerships on equal terms with African countries, the African Union and regional

organisations will be important. The Parties agree that Denmark should also be able to contribute to the EU's future Rapid Deployment Capacity, as well as to the EU's battlegroups.

Denmark will engage in the many different cooperative efforts and fora that the EU cooperation consists of. This is especially the case, where the EU cooperation brings significant added value, among other things in the pursuit of Danish interests in areas such as defence industry, capability development, climate and defence, maritime security, as well as cyber and hybrid – for the benefit of Danish security, Danish businesses and Danish research. Furthermore, the Parties agree to ensure the necessary legislative offset to support full engagement in EU's defence cooperation. This means that the Parties will support mandates and supplementary appropriations requests put before the parliamentary European Affairs Committee and Finance Committee that aim at engaging Denmark fully in EU's defence cooperation. The Parties note that the Danish Parliament approves the deployment of Danish troops to missions abroad in accordance with Article 19 of the Danish Constitution.

Finland's membership and Sweden's upcoming membership of NATO together with Denmark's removal of its EU defence opt-out provides new opportunities for Nordic security policy, military cooperation and defence industrial cooperation. Denmark will actively engage in these opportunities.

Continued support to Ukraine

Ukraine's need for support as a result of Russia's invasion is expected to remain high for many years. The Parties note that it has been decided to continue Denmark's substantial military support to Ukraine and to keep Denmark among the largest contributors to Ukraine relative to its size in accordance with a separate agreement on increasing military support under the Ukraine Fund of June 2023.

Three central focus areas

The Parties prioritize three geographical focus areas for the Danish Defence, where Denmark must shoulder its responsibility. The Parties will decide on initiatives in these areas:

- Denmark, the Faroe Islands and Greenland

The Parties note the following regarding the Danish government's collaboration with the government of the Faroe Islands and the government of Greenland.

Denmark, the Faroe Islands and Greenland stand at a historic turning point for defence and security. Russia's invasion of Ukraine has brought war back to Europe with serious implications for European and transatlantic security.

The Danish Defence will contribute to the security of Denmark, the Faroe Islands and Greenland in close cooperation with relevant authorities and with attention to the different security policy situations in the three countries, including the Baltic Sea area. It is still the aim that the Arctic and the North Atlantic regions remain areas with low-tension, where potential conflicts are resolved peacefully. Keeping this aim in mind, Denmark, the Faroe Islands and Greenland will cooperate on improving surveillance and upholding the kingdom of Denmark's sovereignty in the region as well as supporting the interests of close allies and NATO in the region.

The specific capabilities and initiatives will be decided in the fall of 2023 and onwards in close collaboration with the government of the Faroe Islands and the government of Greenland. The collaboration and involvement of the two governments will be discussed at regular meetings. Three annual meetings at ministerial level are intended to follow up

on and continue collaboration on the forthcoming Defence Agreement. There will also be further discussions on participation by the Faroe Islands and Greenland in relevant international defence policy forums as well as in international exercises.

The Faroe Islands

The Faroe Islands will actively participate in maintaining security in the region. The government of the Faroe Islands and the Danish government agree to prioritize initiatives that support NATO's deterrence posture and minimize the danger of inadvertent escalation.

Where possible, it remains a priority that the Danish Defence can execute tasks in and around the Faroe Islands in conjunction with the civil preparedness and police of the Faroe Islands and in close cooperation with the Faroese authorities, including exchange of data and information.

It is a priority that investments needed by the Danish Defence to execute their tasks in and around the Faroe Islands benefit Faroese society as far as possible. Examples could be through close collaboration with authorities, businesses, industry and research institutions. Specific actions and initiatives will be discussed between the government of the Faroe Islands and the Danish government in order to reach a common understanding of priorities and possibilities. At the same time, it is important to provide support, advice and mutual exchange of experience, and to share classified information in relation to cyber defence and security, and concerning hybrid threats.

Greenland

It is continually a priority that investments needed by the Danish Defence to execute their tasks in and around Greenland benefit the Greenlandic society as far as possible. This may, for example, be through close collaboration with authorities, businesses, industry and research institutions as well as through dual-use installations and capabilities. Specific actions and initiatives will be discussed between the government of Greenland and the Danish government in order to reach a common understanding of priorities and possibilities.

It is essential that societal security is strengthened and civil society is prepared to address broader security policy challenges. This entails, among other things, that the Ministry of Defence is still able to support the police, emergency services and civilian authorities in their tasks in and around Greenland through increased surveillance of Greenland's land and sea territory, awareness of vulnerabilities of cable and communications links and by developing military and civil preparedness training programs. At the same time, it is important to cooperate closely on cyber defence and security, and concerning hybrid threats.

- The neighbouring area to the east

The largest military challenge in the coming years concerns Denmark's security and the adjacent area to the east. Together with our Nordic allies, Denmark has a special responsibility for the security as well as for the important security interests of the Baltic Sea area and the Baltic States. The Danish Defence will be strengthened in order to be able to contribute to NATO's collective deterrence and defence. This requires that more forces are at NATO's disposal ready for more rapid deployment, and that elements of these forces are forward-deployed in NATO's frontline states.

Finland's membership of NATO and Sweden's upcoming membership of the Alliance will bring a new security policy reality in the Baltic Sea region, as the Baltic Sea for the most

part will be surrounded by NATO countries. This offers new opportunities for collaboration with our Nordic neighbours. At the same time, Denmark's geographical position as the gateway to the Baltic Sea will continue to be of strategic importance to NATO, including as a rear base for the Alliance's access to the Baltic Sea region. The Danish Defence will contribute to ensuring that allied forces can stay in and travel more securely through Denmark. Therefore, and in relation to strengthening the broader security of Danish society, there will be a greater focus on the protection of Danish airspace, vital sea lanes of communication, and critical undersea infrastructure.

- Efforts in the world's hotspots

Denmark's efforts in the rest of the world are still essential to combatting terrorism and preventing unregulated migration streams from North Africa and Sahel or other areas close to Europe. The Danish Defence will continue to be capable of contributing to countering these threats and also have forces that are flexible and can respond rapidly to critical threats in Europe's neighbouring areas and in the world's hotspots, including within the framework of NATO, the EU and the UN. This also applies to stabilisation efforts and training activities in Africa as well as support to building relevant military capabilities with African partners, including those pertaining to maritime security.

The necessary build-up of the Danish Defence

The Danish Defence must have the right structure to be able to shoulder our common responsibilities and to strengthen our contributions as described in the three focus areas. The restoration of the Danish Defence, which is prioritized throughout the duration of the Defence Agreement, paves the way forward towards a balanced defence. However, the Danish Defence must be further build up in order to counter the new, more extensive and complex tasks.

Recruitment, retention and education

It is a precondition that the Danish Defence and the Home Guard can retain and recruit more personnel. Therefore, the Parties agree that decisions on measures within the areas of Human Resources and education must be made as soon as possible in order to recruit, develop, and, not least, retain qualified military and civilian personnel. This includes improving conditions for volunteers in the Home Guard. It is vital that the Danish Defence is an attractive and modern workplace with room for everyone, where diversity and equality between genders is considered a strength. The Parties agree to discuss the health criteria for serving as a conscript and for applying to join the Armed Forces.

Conscription

The worsened threat environment increases demands for Denmark's defence and security. At the same time, the crises over the recent years and the COVID-19 pandemic have shown the necessity of the Danish Defences' continued and on a greater scale contribution to societal security and support for civilian authorities. Given these circumstances, conscription is needed at an even greater extent to support the Armed Forces and release troops for operational tasks elsewhere, as well as supporting civilian society.

Conscription is to be expanded by calling up more conscripts, introducing more equality in the Danish conscription model and increasing the period of service. Together with a general strengthening of retention and recruitment efforts, expanded conscription will be a vital recruitment source for the Armed Forces and the reserves. It is acknowledged that the expansion and extension of conscription will place a greater burden on the young generations and can potentially reduce the degree of voluntariness in relation to conscription.

Capabilities

The Parties agree that the Danish Defence will be build up at a suitable pace, and that Denmark will permanently meet NATO's Defence Investment Pledge no later than 2030 and to a greater extent meet NATO's capability targets, strengthen Danish interests and fulfil the remaining national operational requirements. Therefore, it will be necessary to initiate a series of investments in time-critical capabilities early in the duration of the Agreement. The Parties agree to focus on capabilities and initiatives that to a greater extent enables Denmark to live up to NATO's capability targets and at the same time are balanced against the need to strengthen other national requirements, etc. This partly necessitates that uncompleted initiatives from previous Defence Agreements are finalized, including those related to the restoration of the Danish Defence and implementation of the Arctic Capabilities Agreement. The status of uncompleted initiatives will be reassessed and implementation decided upon within the framework of the new Defence Agreement, including further development of the 1st Brigade.

Physical framework and technology

The Danish Ministry of Defence, including underlying authorities, must be prepared for the more complex and extensive tasks as well as the increase in personnel. This requires that all areas of the Danish Ministry of Defence are geared for the future with modern facilities and buildings, flexible access to the Armed Forces' training areas, and technologically updated equipment and capabilities. Among other things, this also includes modernization and digitalization of the Danish Defences' operational and administrative IT.

3.2 INVESTMENTS MUST BENEFIT THE DANISH SOCIETY

The threat environment of the future does not only consist of traditional military threats, but also broader security challenges such as cyber and hybrid warfare, espionage, derived effects of the climate crisis, the terror threat, pandemics and natural disasters. The Danish Ministry of Defence and authorities across Danish society must be better at countering these threats.

Therefore, the Parties agree to prioritize a strengthening of Denmark's societal security including a strengthening of relevant authorities. Our society must be better equipped to counter the broader security challenges. This requires, among other things, a strengthened cyber defence and cyber security, and that the Danish Ministry of Defence continues to support the police and civilian authorities in their tasks. Investments in this area will be balanced against the ongoing changes of NATO's requirements, capability targets and definitions.

When investments are made in Danish defence and security, it is a priority for the Parties that they benefit Denmark, the Faroe Islands and Greenland and that they contribute to a balanced society. This can be accomplished through close collaboration with industries and research institutions, and, to a relevant extent, with the investment sector, within bi- and multilateral cooperation forums, and by continuing to be a responsible workplace for everyone, where veterans continue to be treated with dignity. Furthermore, the Danish Ministry of Defence will contribute to Denmark's green transition, including through the government's goal of phasing out oil and gas furnaces as soon as possible.

Strengthened cyber defence and security

Cyberspace will become an increasingly more important part of the modern battlefield. At the same time, the cyber threat against the Danish society is serious and persistent, e.g., cyber espionage, destructive attacks and cyber crime. Therefore, the Parties will prioritize strengthening Denmark's cyber defence and cyber security within relevant authorities throughout the government. This will include increased advisory support. The aim is to

increase the cyber and information security of relevant authorities within the entire Kingdom of Denmark.

Furthermore, the Parties note that in the agreement on the Municipalities' Finances for 2024, dated 25 May 2023, between the government and Local Government Denmark, i.e., the national association of municipalities, as well as in the agreement on the Regions' Finances, dated 26 May 2023, it is agreed that an up-to-date level of cyber security in the municipalities and regions is necessary to protect all parts of the public sector.

Protection of critical infrastructure

The Parties agree that the resilience and protection of critical infrastructures are important at a time when hybrid warfare and cyber attacks are more prominent. The Danish Defence will contribute to strengthening the surveillance and security of Denmark's most critical infrastructure in cooperation with owners of critical infrastructure, private actors and relevant government authorities. The Parties also agree on the importance of international cooperation that strengthens the security of critical infrastructure, e.g., under the auspices of entities such as NATO's Maritime Centre for the Security of Critical Undersea Infrastructure.

Strengthening intelligence efforts

The Danish Defence Intelligence Service must in collaboration with the Danish Security and Intelligence Service continue to be able to inform and notify about changes in the threat and security landscape, so that the Danish Defence and relevant authorities can react quickly to new threats and security developments. It requires continuous development to monitor threats and the security landscape.

The Home Guard

The Home Guard will be strengthened in order to secure a more robust contribution to Denmark's national defence and civil preparedness. It is necessary to secure better conditions for volunteers of the Home Guard, including better equipment.

Support for the police and civil authorities

The Danish Defence and the Home Guard will continue to support the police and civil authorities in their tasks, including environmental tasks as well as police, rescue, transport and guard operations. The Danish Defence will also provide assistance to anti-terror preparedness and the guarding of critical infrastructure in extraordinary situations. The capacity to support the police and civil authorities will be increased concurrently with the general strengthening of the Danish Defence.

Stronger defence research and industry

It is necessary to strengthen research and development within the field of defence, for example, in drone and quantum technology. To support this, interaction between industry and research institutions will be strengthened through assistance and consultations with the Danish Defence and other relevant authorities. This will be ensured partly by updating the current strategic framework with a new strategy for Danish defence industry and research. Similarly, fora for cooperation, e.g., the government's advisory group on Danish defence industry and research, will constitute the basis for strategic discussions on new opportunities for collaboration, including in relation to the European Defence Fund, the Permanent Structured Cooperation (PESCO) and the European Defence Agency, as well as in connection to relevant NATO efforts in these areas.

Danish innovation and competitiveness must be in line with developments in NATO and the EU. Denmark has new opportunities in this regard after the removal of the Danish EU defence opt-out. Strengthened efforts in this area will support the operational demands of

the Danish Defence and benefit the whole of Danish society, also at the local level, by exploring the possibility of local tenders throughout the country. This will be in collaboration with the Industry through public-private partnerships and research, and with the purpose of creating Danish jobs as well as to support the green transition. The Parties agree that funding for research institutions and public information organisations will continue to be prioritized as they play an important role in supporting the public debate on defence. This is especially important in light of the current security situation and the build-up of the Danish Defence.

The reorientation of Denmark's foreign and security policy, with emphasis on the areas surrounding the three regions of the Kingdom of Denmark, require that national security interests must be met on the basis of long-term security of supply and supplier reliability.

The Danish defence industry is an important part of national security and may in case of crises and war be vital to the ability of the Danish Defence to carry out operational tasks in the broadest sense. Against this background, the Parties agree to use, where relevant, the exception clauses in tender laws in accordance with EU law, including Article 346 in the Treaty on the Functioning of the European Union (TFEU). Potential measures will be determined after an individual and concrete assessment in accordance with EU law. At the same time, obtaining the most defence for the money must be taken into consideration.

The aim is to protect Danish national security interests at the same time as working for an increase in bi- and multilateral defence cooperation through shared investments and military presence. Together, both efforts will contribute to the same objective of ensuring security of supply.

The existing Strategy for Danish Defence Industry from 2021 describes the preceding focus areas in regard to the cooperation with Danish defence industry. The Parties agree to continue and update the strategy so that it reflects the necessity of ensuring security of supply and reliable national suppliers for those areas that are considered important to protect Denmark's existing and future critical industrial competencies. For example, these areas could be within the maritime field, operational information technology, ammunition supply, data processing, quantum and encryption, use of artificial intelligence, and surveillance capabilities. The Parties will thus discuss a proposal for a revised strategy focusing on a strengthened partnership between the Danish Defence and Danish defence industry.

The government will also receive recommendations from the national maritime partnership in 2024. The recommendations will be discussed with the Parties with perspectives to future maritime procurement.

The government will likewise discuss recommendations from other partnerships with the Parties.

The Parties note that a project for the new headquarters of the Danish Defence Intelligence Service has been launched as a public-private partnership. Additional public-private partnerships will be discussed by the Parties in relation to the development of the Danish Defence.

A responsible workplace – focus on Danish veterans

Danish veterans have served our country, so that we can live safely and free at home. The Danish Defence must be an attractive workplace, where veterans are acknowledged and treated with dignity when they are in need of help. Support for our veterans will continue

and be further developed, so that veterans receive the necessary help and support. The government will present a proposal on this matter to the Parties.

The reserve forces

A strengthening of the Danish Defence, including an increase in personnel, is expected to contribute to a larger military reserve. Personnel from the reserve forces who are employed outside the Danish Ministry of Defence, will continue to be on call to serve with the Armed Forces. The changed security situation also requires a national defence that can secure Danish territory in addition to contributing to NATO's collective defence. The reserve forces in collaboration with the Armed Forces and the Home Guard can contribute, for example, to host nation support and the guarding of critical infrastructure and vital military installations. As part of the Armed Forces and the Home Guard, the reserve force will support the execution of national defence and security tasks, including as part of Denmark's ability to mobilize. It will also benefit Danish society in a broader sense that personnel from the reserve force will be able to use their civilian skills in the Armed Forces as well as their military skills in their civilian jobs.

The Danish Emergency Management Agency

Emergency preparedness plays an essential role in strengthening the security of Danish society and supporting civil authorities in crisis situations, as was the case during the COVID-19 pandemic, and in case of natural disasters caused by climate change. Against this background, the Parties agree that it is necessary to enter into an agreement in 2024 that strengthens Denmark's emergency preparedness.

3.3 RESTORATION OF THE DANISH DEFENCE

In May 2023, the government presented the current state of the Danish Defence that showed a need to rebuild the financial and organizational foundation within the new Defence Agreement. New investments, tasks and initiatives have to be built on top of a solid foundation. Therefore, the Parties agree to allocate approximately 27 billion kroner over the next ten years to improve equipment, real estate, information technology and personnel in order to address a series of accumulated challenges pertaining to the functioning of the Armed Forces. This will include financing a number of necessary decisions regarding, among other things, NATO and the EU.

Furthermore, 11 billion kroner will be allocated over a ten-year period for additional investments in equipment and personnel in light of the new security and economic reality. In the future, it will cost more to run the Danish Defence as it stands today.

These additional funds will provide a necessary expansion of the financial framework needed to continue the current Danish Defence from 2024 and onwards as well as to invest in the new security and economic reality. The funds will cover imbalances and will be allocated to relevant subsequent financial frameworks within the area of the Danish Ministry of Defence from 2024. The above reflects the current situation. There will be deviations from the assumptions on which the Defence Agreement is based. Deviations will be addressed within the overall financial framework of the Agreement.

Deviations pertaining to funds allocated in the plan for restoration of the Danish Defence regarding NATO, the EU, compensation for PTSD, and F-16 transition can be immediately identified and reported. The financial framework for information technology and real estate will be analysed further concurrently with the allocation of funds. Potential further adjustments will be dealt with subsequent to these analyses. Adjustments to the financial framework for manning the operational units and supporting agencies will be effectuated

immediately. Developments in the manning of operational units will be monitored continually in order to avoid new imbalances.

In the plan for restoration of the Danish Defence, funding for equipment is allocated to, among other things:

- Upgrading the Army's infantry fighting vehicles
- Upgrading transport aircraft and maritime helicopters
- Replacement of the Armed Forces' trucks and other wheeled vehicles
- Replacement of radar systems
- Replacement of recovery vehicles and engineer vehicles
- Replacement of the communications materiel and information equipment on Navy ships

The economy regarding larger investments in equipment, including the above-mentioned items, will be separately monitored, as general adjustments to the financial framework for equipment will be concurrently monitored as an integrated component of the strengthened financial management and supervision of the implementation of the Defence Agreement by means of, among other things, increased multi-annual budgeting. Deviations from the assumptions on which the Agreement is based will be handled within the overall financial framework of the Agreement.

The Parties agree to initiate the implementation of the restoration of the Danish Defence's financial and organizational foundation. The Parties will decide on a concrete implementation plan during the fall of 2023, while taking into consideration the execution and speedy implementation of the Defence Agreement in 2023 and 2024. Therefore, preparations will begin immediately.

Improved financial management and supervision of the Agreement

The economic investments are a considerable step, but they cannot stand alone. To get the most out of the investments in a strengthened Defence, the Ministry of Defence must be a well-run and efficient organisation.

Therefore, the financial management and political supervision must be improved, to ensure greater transparency, better supervision, and closer follow-up on the political decisions and objectives for strengthening the Defence, etc., as well as the use of funds. The management must support cross-cutting priorities and ensure a high level of coherence between planning and financial management for the purpose of realising the strengthening of the Defence.

The Parties note that the Danish Ministry of Defence is developing a new governance model to ensure closer follow-up on the progress made in implementing the initiatives in the Defence Agreement and the use of the allocated funds in a multi-annual perspective.

At the same time, the Parties note that Danish Ministry of Defence will establish requirements for how the underlying agencies develop their own implementation planning, the cross-agency coordination of the implementation, the risk management as well as thorough tracking and follow-up on the prioritisation and use of allocated funds.

Furthermore, the Parties note that the model entails a more differentiated management and follow-up in the future, as the initiatives of the Defence Agreement will be divided into different categories depending on their complexity, criticality, scope, and political importance. Moreover, the Parties note that the model must ensure a comprehensive oversight of the progress in the implementation of the Defence Agreement and close follow-up on the use of the allocated funds.

The new governance model will feed into and be aligned with the work of the expert committee, as outlined below.

In connection to the current multi-annual management of the financial framework, the Parties note that in the long term, the model will entail a system based multi-annual budgeting monitoring of the technical management of the Defence Agreement. This will be embedded in the economy department of the Danish Ministry of Defence.

The Parties agree that possible increases or reductions in expenditures in the duration of the Defence Agreement will be handled within the established financial framework. The Danish Ministry of Defence has the responsibility to take the initiative to ensure compliance with the financial framework of the Defence Agreement. Consequently, it is incumbent on the Danish Ministry of Defence to take the initiative to handle any cost overruns or delays through reprioritisation or changed periodisation of expenditures within the financial framework of the Agreement, or by raising additional funds. The Danish Ministry of Defence and its agencies are subject to the same overall technical corrections and general efficiency initiatives as other government institutions, in accordance with budget law processes etc.

In addition, financial reserves will be allocated to cover unforeseen expenses, so that there is a margin within the Agreement's financial framework to handle any new increases in expenses, delays or other unforeseen challenges in the duration of the Agreement.

Concurrently, an expert committee will be established to make recommendations for a well-driven and efficient organisation, so that the Danish Defence has the best conditions for growth during the forthcoming ten-year period of the Defence Agreement.

The expert committee will make recommendations along three main points:

No. I: Strong financial management

The expert committee will make recommendations on how to improve cross-cutting management and develop a more transparent financial management, making it possible to decide on common priorities and obtain increased cohesiveness between the planning and budgeting for the development of a strengthened defence. As part of this task, the expert committee will consider the above described governance model for the implementation model of the Defence Agreement as well as one or more specific management areas within the Danish Ministry of Defence such as the Ministry's administrative IT.

No. II: Organisation and management structure

The expert committee will assess the advantages and disadvantages of different models for the future organisation and management structure of the Danish Ministry of Defence to support a strengthened, efficient and well-organised Defence. The organisation of the Danish Ministry of Defence must continue to support the Ministry's ability to make and implement decisions in order to strengthen the Danish Defence and the operational capabilities as well as promote transparent, cross-cutting operation of the Danish Ministry of Defence.

No. III: An efficient and well-run defence

The expert committee will also contribute to ensuring that the Danish Ministry of Defence is run efficiently, so that resources can continuously be freed up to address new challenges. An analysis regarding efficiency, reprioritisations etc. will be conducted. The analytical objective of the committee's work will be the compilation of a gross catalogue of potential initiatives that can generate an annual revenue of two percent, starting from 2026. The gross catalogue will subsequently be presented to the government and the parties behind the

Defence Agreement for their final approval regarding initiation of potential initiatives. The analysis will be based on the total financial funds of the Danish Ministry of Defence, though in such a way that the objective is primarily achieved within each budgeting area. The revenue will be maintained in the area of defence in light of the two-percent target for defence spending.

Initially, the main focus of the expert committee will be on *No. 1: Strong financial management* and *No. 2: Organisation and management structure*.

4. FINANCIAL FRAMEWORK AND FUNDING

The Parties agree to allocate a total of approximately 143 billion kroner over the next ten years for initiatives that will strengthen Danish defence and security as well as permanently meet NATO’s two-percent target on defence spending no later than 2030 and create a modern defence, *also in accordance with annex 1*. The financial framework includes expenditures tied to the initiatives in the Agreement. Until 2029 it is expected that initiatives that cannot be reported to NATO as defence expenditures will only be prioritized to a limited extent.

| Billion kroner in 2023 prices | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | Total |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|-------|
| Financial framework | 6.9 | 8.1 | 9.7 | 12.4 | 14.2 | 16.4 | 18.6 | 18.8 | 19.0 | 19.2 | 143.2 |

The Parties agree that the financial framework will be funded with 129.3 billion kroner from the fiscal margin and the investment framework, while 13.9 billion kroner will be covered by a reservation under the existing financial framework of the Danish Ministry of Defence for new initiatives in the duration of the Agreement. The Parties note that the revenue accrued from the removal of a Danish holiday contributes to the fiscal margin and is included as part of the funding throughout the duration of the Defence Agreement.

Thus, the total financial framework of approximately 143 billion kroner contained in the new Defence Agreement is fully funded. The financial framework funded by the fiscal margin and the investment framework will comprise of approximately 17 billion kroner in 2030 and will be in addition to the existing financial framework for defence expenditures, etc., so that overall defence spending according to NATO’s definition is expected to be a total of approximately 56 billion kroner in 2030, as indicated below.

The financial framework will as a point of departure – with the exception of price and wage adjustments – not be adjusted as a result of any changes in GDP estimates. The Parties will discuss the situation if the preconditions on which the Defence Agreement is based change significantly in an upward or downward direction.

Furthermore, the Parties agree that all defence-related expenditures will be included in the Danish report on defence spending to NATO as part of Denmark’s fulfilment of the two-percent target – in line with the practice in other countries. The Parties also agree that the work to ensure that all defence-related expenditures are included in the Danish report to NATO will continue throughout the duration of the Defence Agreement.

The Parties note that at the present time it is expected that defence spending as defined by NATO will have to be increased by approximately 20 billion kroner in 2030 in order to fulfil NATO’s target. Also, the Parties note that based on an analysis of a number of defence-related expenses that are not included in the financial framework within the area of the

Danish Ministry of Defence, there are grounds for reporting an additional 1.5 billion kroner in the future as part of the Danish report to NATO on defence spending. The Parties furthermore note, that it is expected that there will be additional outlays of approximately 1.5 billion kroner in connection with VAT refunds on procurements made by the Danish Ministry of Defence based on an increase of approximately 17 billion kroner in 2030.

APPENDIX 1. FINANCIAL FRAMEWORK AND FUNDING

The financial framework of approximately 143 billion kroner has to pay for both the new defence and security policy initiatives that will strengthen Danish defence and security as well as for the restoration of the Danish Defence.

| Billion kroner in 2023 prices | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | Total |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|-------|
| Financial framework | 6.9 | 8.1 | 9.7 | 12.4 | 14.2 | 16.4 | 18.6 | 18.8 | 19.0 | 19.2 | 143.2 |

1. Financial framework for new defence and security priorities

Approximately 106 billion kroner will be allocated for new defence and security policy priorities that will strengthen Danish defence and security and contribute to the permanent fulfilment of NATO's two-percent target at the latest in 2030. Concrete initiatives will be decided continually throughout the duration of the Defence Agreement.

| Billion kroner in 2023 prices | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | Total |
|---|------|------|------|------|------|------|------|------|------|------|-------|
| New defence and security policy initiatives | 1.5 | 1.8 | 4.0 | 7.6 | 11.9 | 14.0 | 16.0 | 16.2 | 16.3 | 16.4 | 105.7 |

Note: The financial framework includes expenditures on items approved through to supplemental appropriations requests for 0.6 billion kroner in 2024 and 0.4 billion kroner in 2025 and additional expenditures of 0.2 billion kroner annually on the European Peace Facility during the period 2024-2027.

2. Handling of accumulated challenges of operating the Danish Defence

Approximately 27 billion kroner will be allocated over a ten-year period to improve the state of the Armed Forces' equipment, real estate, information technology and manning in order to rectify the accumulated challenges. In addition, the decisions that have already been made on the basis of the new security situation have to be funded. This includes additional expenditures pertaining to NATO and the EU.

| Billion kroner in 2023 prices | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | Total |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|-------|
| Handling of accumulated challenges | 4.4 | 4.6 | 4.5 | 3.6 | 1.4 | 1.5 | 16 | 1.6 | 1.6 | 1.6 | 26.5 |

3. New investments to continue operating the Danish Defence at the present level

Approximately 11 billion kroner will be allocated over a ten-year period for necessary investments in personnel and equipment so that the units and capabilities of the Armed Forces can continue to operate in the new security environment, in which it costs more money to operate the existing Armed Forces.

| Billion kroner in 2023 prices | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | Total |
|---|------|------|------|------|------|------|------|------|------|------|-------|
| New investments to continue operating the Armed Forces at their present level | 1.0 | 1.6 | 1.1 | 1.1 | 0.9 | 0.9 | 1.0 | 1.1 | 1.1 | 1.2 | 10.9 |

Note: 0.5 billion kroner will be addressed in 2023.

Funding

The total financial framework of approximately 143 billion kroner contained in the Defence Agreement will be funded by the reservation to the Danish Ministry of Defence's existing

financial framework for new initiatives in the duration of the Defence Agreement as well as by the fiscal margin and the investment framework.

Approximately 14 billion kroner will be taken from the Danish Ministry of Defence’s present financial framework that has been allocated to funding the new political priorities for 2024-2033. These funds will be used to rectify the accumulated challenges of operating the Armed Forces as part of the effort to restore the Danish Defence.

The remaining approximately 129 billion kroner will be funded as part of the fiscal margin and the investment framework. The removal of a Danish holiday will contribute to the fiscal margin and is included as part of the funding in the duration of the Agreement.

| Billion kroner in 2023 prices | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | Total |
|--|------|------|------|------|------|------|------|------|------|------|-------|
| Reservation to the Ministry of Defence financial framework | 1.7 | 1.8 | 1.2 | 1.7 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 13.9 |
| Fiscal margin and investment framework | 5.2 | 6.3 | 8.5 | 10.7 | 12.9 | 15.1 | 17.3 | 17.6 | 17.8 | 18.0 | 129.3 |
| Funding | 6.9 | 8.1 | 9.7 | 12.4 | 14.2 | 16.4 | 18.6 | 18.8 | 19.0 | 19.2 | 143.2 |

Note: Discrepancies are due to rounding.

APPENDIX 2. THE DEFENCE AGREEMENT MODEL AND THE AGREEMENT'S FIRST PARTIAL AGREEMENT

The Defence Agreement model and the Agreement's first partial agreement – fall of 2023

The detailed implementation of the Defence Agreement will be discussed and agreed upon in continual partial agreements.

The Agreement model should be viewed in light of the ten-year horizon for the Defence Agreement. It will encompass the Agreement's long-term planning horizon and also provide flexibility, so that it is possible to continually make political decisions based on new demands and conditions for Danish Defence throughout the duration of the Agreement, e.g. due to changes in the security situation. This may also be necessary due to technological developments that within a few years can change the character of the battlefield and, thus, the operational requirements of the Danish Armed Forces. Finally, the expectations and requirements of NATO are not static either, and Denmark must be able to adapt to the new expectations of our allies.

The Agreement model requires continual analysis and decision-making regarding the development of defence and security policy. Therefore, it will be decided in each of the partial agreements which elements require detailed analyses and which elements require concrete and immediate decisions regarding investments. The analyses will provide a more substantive decision-making basis regarding possible investment decisions in later partial agreements.

The agreement necessitates that negotiations start in the fall of 2023 on the first partial agreement, which:

- mandates the initiation of analyses to strengthen the decision-making basis for later political decisions on investments in capabilities and initiatives.
- allows decisions on time-critical and critical capability initiatives necessary for rebuilding the Armed Forces, etc.
- decides on recruitment, retention, and training and education measures that are vital to securing the rebuilding of the Armed Forces.

The partial agreement will ensure that the Ministry of Defence gets a good start and has the preconditions for building up Denmark's defence in accordance with the aims of the Parties to live up to NATO's defence spending targets, force requirements and expectations to a greater degree.

Furthermore, the Defence Agreement necessitates that negotiations start in the fall of 2023 on a concrete model to strengthen conscription.

The Defence Agreement also requires the establishment of an expert committee in the fall of 2023. The committee will make recommendations on a well-driven and effective organization, so that the Danish Defence have the best conditions for growing in the forthcoming ten-year period of the Agreement.

Finally, the Defence Agreement requires that the implementation of the rebuilding of the financial and organizational foundations of the Armed Forces gets underway. This includes the conclusion of the unfinished initiatives from the previous defence agreement. The Parties will decide on a concrete implementation plan in the fall of 2023 with due consideration for its execution and rapid implementation in 2023 and 2024. Therefore, preparations will begin immediately.

It is vital that the preconditions for building up the Armed Forces are in place before a decision is made on concrete capabilities. The government will, therefore, following a decision on recruitment, retention, and education and training measures in the fall of 2023 present a preliminary plan for partial agreements in the framework of the Defence Agreement to the Parties.