Abstract  Due to a considerable impact of the global financial crisis on European defence budgets in the last three years, the concept of pooling and sharing (P&S) of defence capabilities has become a topical issue in Europe. Practically none of European, and for sure none of South-East European (SEE) countries are able to maintain the full spectrum of defence capabilities autonomously. Consequently, defence resources management calls for better coordination of efforts among countries and the development of new opportunities in the field of defence cooperation in order to accomplish tasks with fewer resources.

The issue of pooling and sharing of defence capabilities was put high on the European and Euro-Atlantic agendas in the first half of the year 2011. Furthermore, several remarkable events focusing on pooling and sharing or smart defence were also organized during the same period. Due to the fact that a majority of SEE countries are either NATO/EU members, candidates or PfP members, it is apparent why the concept of pooling and sharing constitutes an important issue in their defence resources management, especially at this time of a global financial crisis.

This seminar was envisaged as a continuation of the process initiated during the “First Regional Meeting of Heads of Procurement Departments” within the Ministries of Defence.
of the countries of SEE, which took place from 17 –18 April 2011 in Budva, Montenegro. The mentioned meeting, organised in cooperation with Montenegro as the then SEECP chairing country and the NATO Planning Division, had identified pooling and sharing as an important segment of successful Security Sector Reform in SEE countries. Given the fact that not only NATO’s or EU’s but general European defence expenditure as well is significantly being decreased and that the downward trend is likely to continue, it is easy to see why the “Pooling and Sharing” and “Smart Defence” concepts represent the governing principles in defence sectors of all countries, including those in the SEE region.

Activity Background

Co-operation in the defence procurement area in the SEE region is an ongoing process, yet of a smaller scale and without a general approach which would ensure the access to relevant information to all parties that may possibly find interest in the subject matter. Several bilateral projects had previously been executed and the idea of bringing all interested parties together was subsequently raised between the four facilitators of the „First Regional Meeting of Heads of Defence Procurement Departments“, co-organized by RACVIAC and the Montenegrin Ministry of Defence in April last year. The mentioned meeting had identified pooling and sharing as an important segment of a successful defence management in times of global financial constraints and severe defence budget cuts.

Furthermore, the introduction of this seminar into RACVIAC Programme for the second half of the year 2011, approved on the occasion of the last Multinational Advisory Group (MAG) Meeting in October 2011 by the common consent of all Members, only confirmed the fact that South East Europe (SEE) countries had recognised the opportunity to actively address this 2011 top priority issue within the EU Common Security and Defence Policy (CSDP).

Activity Facilitators

The seminar was planned, organised and executed by RACVIAC - Centre for Security Cooperation in cooperation with the European Defence Agency (EDA), while the Ministries of Defence of Croatia, Hungary and Slovenia supported the event by providing lecturers and presenters.

Activity Venue, Duration and Participation

The seminar was conducted in RACVIAC facilities in Rakitje, Croatia. It gathered more than 25 military officials and staff members from defence policy, planning and procurement departments, representing Albania, Croatia, former Yugoslav Republic of Macedonia¹ and Serbia, as well as lecturers from the European Defence Agency, Croatia, Hungary and Slovenia.
Activity Description and Contents

The seminar was comprised of presentations and individual elaborations of the Pooling & Sharing / Smart Defence mechanisms.

The working part of the meeting started with the opening addresses given by RACVIAC Deputy Director Col Željko Cepanec and Mr Dragan Lozančić, PhD, Head of Defence Policy Department, Ministry of Defence, Croatia, who pointed out that, although the SEE region had no tradition in pooling and sharing, this concept could be implemented as the best instrument for defence cooperation among the countries in the future.

The morning session, moderated by Branko Kromar, M.Sc, PM SSR Pillar, saw a presentation delivered by the representative of the Europen Defence Agency, Mr Phillipe Rutz, Project Officer for Pooling and Sharing.

Mr Phillippe Rutz, European Defence Agency (EDA)

His presentation addressed the following topics: Economic crisis, cuts’ impacts on European defence budgets and the importance of P&S/Smart Defence in European and Euro-Atlantic state affairs. Mr Rutz explained the role of EDA as a platform for supporting groups of European countries in common projects in the defence area. Having presented his Agency’s priorities and main activities, Mr Rutz provided the audience with some data on decreases and cuts in defence budgets in EU countries. In his opinion, the main obstacle in pooling and sharing was fragmentation, i.e. diverging national requirements and different equipment. However, he emphasized that Pooling & Sharing of defence capabilities was widely recognised as a necessity, indispensable in the time of a global financial and economic crisis. In addition, Mr Rutz presented some practical P&S examples and brought his excellent presentation to an end with a conclusion that both the EU and NATO share the same goal: how to maintain capabilities in a constrained financial environment.

Mr Atilla Demkó, PhD, Head of Defence Planning Department, Hungarian Ministry of Defence, addressed the topic “New Multinational Capability Development Initiatives in Central Europe”.

Mr Atila Demkó, PhD, MoD, Hungary

Mr Demkó first provided the participants with information on the military expenditures of V4 countries in the period 2000 - 2010 and defence-related data in the wider SEE region. He focused on the effects of the crisis and the loss of capabilities in Hungary, as well as on the plans for the Hungarian way out. Mr Demkó also underlined the importance of V4 and of a wider Central European and
SEE P&S co-operation and expressed optimistic expectations regarding defence expenditure savings in the future.

Mr Erik Kopač, PhD, University of Ljubljana, delivered a presentation entitled “Pooling&Sharing - NATO strategy: Smart defence”, which provided a clarification of the term “Pooling&Sharing” and some historical aspects (Nordic Defence Cooperation) of P&S. In addition, he presented two aspects of P&S, one from the EU perspective and another, more detailed, from the perspective of NATO (NATO Strategy: Smart Defence). His presentation provided the participants with a wider picture of this important aspect of international cooperation and some of the successful cases of P&S which frequently offer opportunities for civil-military dual use.

In the afternoon session, Mr Dragan Lozančić, PhD, Head of Defence Policy Department, Croatian Ministry of Defence, delivered an excellent lecture on “Pooling&Sharing: Theory vs. Reality”. Mr Lozančić presented Croatia’s latest efforts to improve regional cooperation in the defence sector, stressing the importance of P&S for Croatia as a future fully fledged member of the EU. Furthermore, he drew participants’ attention to the importance of building thrust and confidence among SEE countries and the necessity of fostering dialogue and exchanging ideas about possible multinational projects, which should start at the political level and continue at the expert level. At the end of his exposé, Mr Lozančić emphasized that Pooling&Sharing and Smart Defence should be an indispensable part of any national defence policy in SEE countries.

The last presentation in the afternoon session was given by Mr Branko Kromar, M.Sc, Ministry of Defence of the Republic of Slovenia. Mr Kromar presented a successful Pooling&Sharing “story” through the case of the Italian, Hungarian, and Slovenian Multinational Land Force (MLF) Brigade. He emphasized the importance of adequately incorporating the P&S/SD concept in national defence planning processes and utilizing it for acquiring the necessary capabilities.
**Conclusions and Recommendations**

The idea of organising a seminar on the topic of “Pooling and Sharing of Defence Capabilities as Smart Defence” proved to be absolutely valuable. The impact of the global economic and financial crisis on national economies is one of the most important reasons which led the participants to agree on the necessity of continuing with such kind of cooperation in SEE in the future as well.

In this regard, it is worth mentioning that an activity with a working title: “Financial aspects of economic crisis and its impact on the security sector” has been included in the RACVIAC SSR Programme for 2012, on a proposal by Montenegro. Thus, it might be an excellent opportunity to continue the process of implementation of the conclusions accepted in the field of Pooling&Sharing/Smart Defence in SEE countries.

The general idea behind the seminar was fully implemented and a good will regarding operational collaboration in procurement issues among the countries of the region was clearly expressed. What remains is to obtain political support on the national level and prepare a list of potential joint projects for bilateral or multilateral collaboration with a focus on specific procurement issues.

The main purpose of the seminar - bringing together representatives from SEE countries’ Ministries of Defence to be informed on the current implementation and development of Pooling&Sharing/ Smart Defence issues in their respective countries - was fully achieved.

The seminar was concluded with a common observation that the forthcoming NATO Summit in Chicago will help to define further steps in this field by laying out new projects and that RACVIAC’s next defence resource management activity should be planned accordingly.

* Turkey recognizes the Republic of Macedonia with its constitutional name

**Working session**

More specifically, they agreed that RACVIAC should organize another event of this type and on this topic in the first half of the year 2012, following the NATO Summit in Chicago.