

**Launch of Future Security & Defence Council Final Report:**  
***Adaptive Portfolio: Catalysing NATO's Performance Through Innovation***

16 May 2022

**On 3<sup>rd</sup> May, we launched the report “*Adaptive Portfolio: Catalysing NATO’s Performance Through Innovation*” in Brussels. We were joined by NATO Assistant Secretary-General for Emerging Security Challenges, David van Weel, former President of Croatia, Kolinda Grabar-Kitarović, Ambassador Casper Klynge, and Dr Heiko Borchert.**

As we near the NATO-Madrid Summit, the results of the report have become even more pertinent. Building on the NATO 2030 agenda, it focuses on capabilities in all domains, innovations, and technological developments.

The world is at a crucial geostrategic crossroads. Russia’s aggression created a new security reality that will define the security sphere for years to come. Liberal allied nations, rather than liberal democracies, must stand together in the systemic competition for resources, ideas, and values. Economic security and the security of supply chains must be at the core of NATO’s resilience. Connectivity is just as crucial as territoriality.

The report provides clear guidance on defence investments and preparing NATO for geo-economic competition and how innovation can be achieved by building structures between national governments, NATO, the EU, and the private sector. The importance of a resilient NATO innovation system is underscored through a call for NATO’s own defence industrial policy, which aims to provide clear guidelines and goalposts for the variety of increased alternative partners in the private sector, each bringing their own paradigm to the table. An essential factor for these efforts may be the NATO Centres for Excellence and the member states’ own experimental units to foster funding for innovation through NATO and the EU and put innovation on the frontline. NATO innovation should be driven towards making NATO more daring, enabling it to take more risks and operate in an environment where it has turned into a more reactive force.

When trying to grasp the new reality of warfare and the threats it encompasses, the war against Ukraine sets a tragic precedent. The ongoing conflict has seen a continuous cyber security attack on Ukraine before, during and following the full-scale invasion on February 24<sup>th</sup>. The opportunity to create a new approach to the reality we are living in today, and the unprecedented unity within the institutions of the West opens a window of opportunity to adopt digital innovation.

In the digital era, there is a vacuum around looking at the normative discussion and setting standards around technologies that are being used in a broader military space. NATO has the opportunity to use its normative power and help set the playground and help guide the

private sector on how technologies are developed. Through clear guidelines, standardization, and adoption, NATO can signal to investors who may shy away from dual-use technology and set other market incentives so that defence industries may again attract investment.

The importance of technological innovation is showcased brilliantly by the Ukrainian forces making excellent use of currently available technologies such as the Bayraktar drones and the Starlink Communication to facilitate gains and advance on the ground against an enemy who has been more risk adverse in use of technology. It is here that the supremacy of private sector innovation becomes clear and allows us to underscore the importance of NATO as a facilitator between the regulators and private business.

When discussing innovation, one must bear in mind that innovation does not only entail technological advance, but is made up as well of cultural, conceptual, organisational, and operational experience innovation.

The focused lens NATO has on the implications of economic activity for security and defence is its leverage vis-a-vis traditional regulatory institutions which will help facilitate synergy between the EU and NATO when considering economic activity pertaining critical infrastructure, supply chains, and A.I. regulation. Synergy remains the word of the moment when considering Transatlantic cooperation with the emergence of European Strategic Autonomy, which has the great potential to see the EU and NATO work towards each other in a complementary manner, especially considering the enormous overlap of states membership to these organisations.

The task now is to find the correct institutional format to use the great momentum for Transatlantic collaboration and foster Innovation in all its diverse aspects and challenges to come.