



**NORTH ATLANTIC TREATY ORGANIZATION**

**SUPREME ALLIED COMMANDER  
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**SACT's opening remarks at**

**NATO Transformation Seminar 2017**

**“Improving Today, Shaping Tomorrow, Keeping the  
Edge by Bridging the Two”**

**Budapest, 22 Mar 2017,**

**Général d'armée aérienne Denis MERCIER**



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*Monsieur le Ministre,*

*Madame le Secrétaire Général Adjoint*

*Mesdames et Messieurs les Ambassadeurs,*

*Excellences,*

*Amiraux, Généraux, Air-Marshall,*

*Mesdames et Messieurs,*

*Distinguished guests,*

Thank you very much Dr SIMICSKO , Minister of Defence, for your nation hosting and supporting this year's NATO Transformation Seminar in this beautiful city of Budapest.

It is also my great pleasure and honour to acknowledge the presence of our Deputy Secretary-General, the Honourable Mrs Rose GOTTEMOELLER, the Permanent Representatives, the Chairman of the Military Committee, General Petr PAVEL, General Tibor Benko, the Chief of Defence of Hungary, and the Military Representatives, together with European, and North American thought leaders, academics and representatives from industry.

My special appreciation goes to the International Institute for Strategic Studies, for co-organizing this event with Allied Command Transformation, as well as to the moderators and panellists who will guide the discussions and foster debate to fruitful outcomes to support the Alliance's transformation agenda.

Just 10 days ago we celebrated the 18<sup>th</sup> anniversary of Hungary's accession to NATO (on 12 March 1999), together with the Czech Republic and Poland. It was the 4<sup>th</sup> enlargement of the Alliance, and highly symbolic!

I was reminded of the words of the then Hungarian Foreign Minister, Janos Martonyi, who said: *"It has been our manifest destiny to re-join those with*



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*whom we share the same values, interests and goals”* - and this couldn't be more true today, with Hungary hosting the Alliance's political and military leadership for the NATO Transformation Seminar 2017.

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Yes, the NATO Transformation Seminar comes at a crucial moment in time.

We need to use this unique opportunity to hold candid discussions about the range of actions that could be taken to bridge post-Summit delivery and the preparation of the future in the context of a challenging and rapidly changing security environment.

The Alliance must discuss strategic perspectives on political and military transformation with a key question in mind: how can we continuously improve NATO's military posture to tackle today's challenges and those of the foreseeable future?

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The Euro-Atlantic area faces an unprecedented range of threats. The emergence or resurgence of state actors as potential peer competitors coupled with an expanding terrorism, and persistent transnational risks such as organized crime, climate change or economic instability all contribute to the complexity of the global environment.

How we identify and address these challenges will require extended awareness and extensive cooperation, often well beyond the Euro-Atlantic area. Especially because the same actors are involved in multiple increasingly interrelated crises or conflicts, whilst the lines between peacetime, crisis and conflict are progressively blurred.

In this context, no single nation or organization can on its own simultaneously address all threats and challenges. It requires a permanent adaptation to continue to operate while simultaneously coping with this new and rapidly evolving 21<sup>st</sup> Century complex environment.



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Before defining how to transform the Alliance's posture, we have to understand this environment and its complexity. This will be the topic for the first panel.

It is important to recognize that the civilian world has outpaced us in developing solutions to adapt to this same environment. We may have different objectives, but we have much to gain from analysing and understanding the key principles they have developed to deal with the complexity of the 21<sup>st</sup> Century.

Here is the key question then: what are the principles that should guide and drive innovation, to make our posture more responsive and adaptable to all the challenges we face today, and to be prepared for those of the foreseeable future? How can we operate and adapt simultaneously?

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Organizations, structures and companies in the civilian world face the same kind of challenges, in their own fields. There are many examples of commercial companies that have very successfully maintained their daily businesses while continuously adapting to a new environment that is constantly challenging them.

Google, Uber or Airbnb are well-known examples. They have established new standards to connect to external resources and federate many different actors through very agile architectures. And as many innovative start-ups, they manage their business in a highly competitive and volatile market focused on the users. They allocate important resources to preparing the future and future options as their activities constantly evolve and new technologies become available.

Here are the key principles they have developed for innovation:

- They must rely on organizations that are flexible by design to face the complexity of our world.
- They do not have to own everything but access to key partners relies on the dynamism of the networks they have created.



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- They must be strategically aware of the permanent evolutions of the global landscape and understand them.
- They must be resilient because they recognize that they will be surprised.
- In a high technological environment human capital is key.
- Their main strategic resource is data and the ways to collect, concentrate, exploit and distribute them. And they can change their structures, but data remain core to their business and drive their organizations.

And these principles allow them to adapt faster than their competitors.

In the same complex global environment, their aims are certainly different from ours, but these same principles apply to our own efforts to adapt. In fact, unsurprisingly, you will find the same principles laid out in the Framework for Future Alliance Operations and in the NATO Command Structure Functional Assessment.

It will be interesting to see how panels 2 and 3, analyse the impact of these principles on the work related to Projecting Stability and to Defence and Deterrence.

This will also continue to guide the ongoing work on the NATO Command Structure.

There is indeed a need to define an approach that enables flexible responses in an environment characterized by uncertainty, complexity and ambiguity, while the distinction between peace, crisis and conflict is increasingly blurred and the risk of rapid transition is constant.

Following the aforementioned principles, our adaption should address what should be the core of the NATO Command Structure and the link that we should establish between the NATO Command Structure, the NATO Force Structure, Nations and other actors such a Partner nations or international organizations.



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This network would enhance early warning, Strategic Awareness and understanding gained through continuous, diverse and comprehensive contributions.

Here also, data is a strategic resource and the way it is permanently shared, collected, exploited and redistributed through a scalable and agile Command and Control Structure would drive our operational architectures.

Leveraging the expertise that exists in our nations, and building a flexible-by-design structure, would optimize all Alliance capabilities and capacities to accomplish NATO's core tasks while accelerating speed of adaptation.

This Federated Approach is not entirely new or a radical change. It is already applied in varying degrees across several ongoing functions and work strands (for example: in Strategic Awareness, in Air Command and Control, in Special Operations).

But the new security environment requires it to be persistent. Persistence means daily, routine, even habitual efforts, building enduring relationship, interoperability and trust.

Such a persistent interaction, would also increase NATO's and nations' resilience.

A Persistent Federated Approach would strengthen NATO's Defence and Deterrence posture by federating the expertise and capabilities of all NATO Nations. It would also support our efforts to Project Stability by expanding this federation to a larger number of actors. A wide range of domains, such as Cyber, Maritime, Logistics, or Training and Exercise, to name just a few, would also benefit from this approach.

This requires a policy decision, to regenerate linkages between the Alliance and its members, but also to adapt them for the new and more complex security landscape. I expect the political-military implications to be addressed in the 4<sup>th</sup> panel.



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I look forward to the discussions in our different panels that are an ideal mix of strategic political, civilian and military expertise. Through the outcomes of these discussions we should seize the opportunity to propose initiatives to support our work strands in the adaptation of the Alliance's posture.

Yesterday's Young Professionals Day was already an excellent start to directly engage with a new generation of future leaders and strategic thinkers.

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To conclude.

By implementing the Warsaw Summit decisions, NATO is demonstrating its willingness to tackle the challenges associated with our evolving security environment.

It is to make us more adaptive that I offer these new ideas: to federate permanently the capacities of a wide range of actors and nations, in a more organic and dynamic relationship with the NATO Command Structure.

Before giving the floor to the next panel, I would like to quote one of my illustrious predecessors, now the US Secretary of Defence James MATTIS. In 2009, he put forward the 'Multiple Futures Project' concept as a solid foundation for much of our strategic planning. In this document of remarkable foresight, you will recognize many of the principles for adapting our posture I have mentioned today as this quote illustrates:

*"Because of the broad range of tasks we are expected to fulfil, and the adaptive nature of potential adversaries, the military posture of nations must not be geared to a single preclusive vision of war. The Alliance will have to (...) adapt its structures to address the emerging security challenges. Appropriate command and balanced force structures are required (...) We must prepare forces for more decentralized operations and we need to adapt command structures that can properly conduct complex operations (...) including working with partner nations, integrating with international organizations and supporting civilian authorities."*

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The Alliance, to keep its edge now and in the foreseeable future, has to operate and adapt simultaneously. This is how we will continue to improve today, to shape tomorrow and to bridge the two, and federate our efforts to build a flexible and robust Defence and Deterrence posture and Project Stability.

\*\*\* Thank you \*\*\*