

#38

PeSCo

The Swedish Perspective

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March 2019

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They do not reflect the views of any organisation.*

Policy Paper

ABSTRACT

The Swedish position on the Permanent Structured Cooperation in the European Union in the area of defence and security (PeSCo) reflects a keen interest in maintaining European unity as a means of ensuring Sweden's national security. The inclusiveness that characterises PeSCo today finds political support in Sweden, which sees enhanced European cooperation on defence as a means to counteract centrifugal forces in the EU - but with an emphasis on keeping cooperation strictly intergovernmental. The Swedish choice of PeSCo projects is, in turn, guided by the need to allocate resources effectively to the strengthening of national military capabilities. Swedish interests in PeSCo are shaped primarily by the priority attributed to its territorial defence, where military mobility and the defence materiel development are of primary importance. The continuation of Sweden's military engagement in EU crisis management operations is, at the same time, reflected in two out of four PeSCo projects that Sweden has chosen to participate in: the *European Training Missions Competence Centre* and the *European Medical Command*. A core Swedish interest regarding the further development of PeSCo and specifically the *European Defence Fund* (EDF) and *European Defence Industrial Development Programme* (EDIDP), is that they ensure the continuity of the transatlantic defence cooperation and allow the protection of the Swedish industrial partnerships with the UK, USA and Norway. Alongside the transatlantic partnership, France and Germany are becoming more important for Sweden. The extent to which they can become defence partners of choice for Sweden will be determined by the practical added value that both can generate for the Swedish Armed Forces. The German *Framework Nations Concept* (FNC) and the French *European Intervention Initiative* (EII) are assessed both in terms of their political expediency in the EU context, and their utility for the Swedish capability development to face any military threats from Russia.

Keywords: *Sweden, PeSCo, Common Security and Defence Policy, European Defence Fund, Framework Nation Concept, European Intervention Initiative, Nordefco.*

In September 2016, the Swedish Prime Minister, Stefan Löfven, greeted with great scepticism the French-German non-paper on the future development of the European defence cooperation that was presented at the informal European Council meeting in Bratislava. At the time, the Swedish domestic debate revolved around the fear that the French-German proposal could result in the creation of a "European Army", a vision that is strongly rejected in Sweden.¹ Indeed, the statement made by European Commission President Juncker in 2014 that a "European Army" was needed for the EU to be taken seriously in international affairs² continues to colour the limited Swedish public discussion regarding plans for enhanced defence cooperation in the EU.³ At the political level, the ambition to develop closer defence cooperation in the EU has been regarded primarily as a tool to strengthen the EU's civil-military crisis management operations.⁴ The cautious attitude towards PeSCo is rooted in a general scepticism held in Sweden towards formalised, binding military defence commitments.

Sweden is formally militarily non-aligned, pursuing close cooperation with NATO as a partner, but firmly excluding membership in the Alliance. This political position follows a long Swedish tradition of formal military non-alignment. The explicit Swedish choices made in favour of defence cooperation with the Western military powers appear contradictory in this context, but the formal non-alignment is actually based on an important nuance of where exactly the red line is being drawn. The position of "military non-alignment" builds on the rejection of NATO membership as "one step too far": an accession would create binding Swedish commitments to the Alliance that currently seem unacceptable to the majority of the Swedish political establishment. This traditional Swedish political positioning vis-a-vis NATO - of maintaining Swedish self-determination

¹ Strömberg, M. (2016) Löfven vill inte ha någon EU-armé, *Sveriges Radio* [Swedish Public Radio], 15 September, at <https://sverigesradio.se/sida/artikel.aspx?programid=83&artikel=6517911>; see also Riksdagen (2017) Start för Europeiska försvarsfonden. Försvarsutskottets utlåtande 2017/18:FöU10, https://www.riksdagen.se/sv/dokument-lagar/arende/utlatande/start-for-europeiska-forsvarsfonden_H501FöU10

²Jean-Claude Juncker (2014) 20 May at <https://twitter.com/junckereu/status/468847798725918720>

³ Karlsson, M. (2018) Är Pesco nyckeln till ett europeiskt försvar?, *Folk och Försvar*, 31 January, at <http://www.folkochforsvar.se/artiklar/pesco.html>

⁴ Löfven, Stefan (2016) in EU-nämndens uppteckningar 2016/17:1, Torsdagen den 15 September 2016, at http://www.riksdagen.se/sv/dokument-lagar/dokument/eu-namndens-uppteckning/torsdagen-den-15-september-2016_H40A1

and national independence – also colours the PeSCo perception. There is no enthusiasm in Sweden for an EU that develops into an actual military "Defence Union".

The Swedish scepticism towards PeSCo stems from a general scepticism towards supranational forms of cooperation in areas where the preservation of Swedish self-determination is of vital national importance. It also reflects the deliberate Swedish choice of developing defence partnerships with a small group of states on a bilateral basis - notably the USA, UK, Finland, Denmark and Norway - and within smaller, geographically motivated cooperation structures such as *Nordefco* - the Nordic defence cooperation structure where Sweden holds the chairmanship in 2019⁵, but also the UK-led *Joint Expeditionary Force (JEF)*⁶, the *Northern Group*⁷ and *Nordic-Baltic* security and defence consultations. European initiatives are assessed against the Nordic, Northern European and transatlantic focus that forms the backbone of the Swedish defence and security policy.

The fundamental principles underpinning the current Swedish position on PeSCo are neither controversial, nor likely to change in the foreseeable future. Meanwhile, the European defence-industrial capability development in the framework of PeSCo has hardly received any political attention in the Swedish domestic arena⁸ where greater efforts will have to be devoted in the coming months to identify and define the Swedish and Nordic priorities and support, where necessary, the Swedish industrial interests at the intergovernmental level. This is despite the fact that the main defence industrial actors and the umbrella organisation, the *Swedish Security and Defence Industry Association* (SOFF), have been heavily engaged in seeking to mobilise the political leadership to speak up in Brussels for the specific needs and interests of Sweden's uniquely internationalised defence industry.⁹ The industrial base also sees an urgent need

⁵ For details, see the Nordefco homepage: <http://www.nordefco.org/>

⁶ The JEF is made up of the UK, Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway and Sweden. See Ministry of Defence of the UK (2018) Over 10,000 troops from nine nations ready to meet global challenges, 28 June, at <https://www.gov.uk/government/news/over-10000-troops-from-nine-nations-ready-to-meet-global-challenges>

⁷ The *Northern Group* consists of the five Nordic and the three Baltic states as well as Germany, the Netherlands, Poland and the United Kingdom.

⁸ Wieslander, A. (2018) Sweden and the CSDP: keen on security and reluctant on defence, Commentary, 26 January, at <https://www.europeanleadershipnetwork.org/commentary/sweden-and-the-csdp-keen-on-security-and-reluctant-on-defence/>

⁹ SOFF (2018) Nyttan med internationell samverkan. Starkare tillsammans – i Sverige, Europa och i världen, https://soff.se/wp-content/uploads/2018/11/Internationell_samverkan_2018.pdf

for a Swedish and joint Nordic strategy to defend the Swedish and Nordic defence industrial interests in the EU.¹⁰ At the same time, Sweden's priorities, ambitions and the potential benefits to be reaped from the Franco-German defence agenda for Europe will need to be clarified, and a principled decision will have to be taken on the extent to which Sweden should, post-Brexit, pursue closer defence cooperation with France and Germany.

This paper describes the Swedish ambitions in the current defence cooperation initiatives pursued within the EU, as far as they have been formulated, and the choice of PeSCo projects as well as their interlinkage with regional defence cooperation in the North. The Swedish perspective on defence cooperation projects with France and Germany will be briefly reviewed and placed in the broader context of the Swedish defence policy in the European and transatlantic realm.

SWEDISH AMBITIONS IN EU DEFENCE COOPERATION

The Swedish position on enhancing European defence cooperation through PeSCo shifted during the first half of 2017 from profound scepticism towards viewing the initiative *as such* positive for the development of European defence capabilities.¹¹ The Swedish Parliament voted in late 2017 with a clear majority (241 vs 65, with 43 absentees) in favour of Sweden's participation in PeSCo.¹² The Swedish Foreign Ministry, which leads within the government the political work on PeSCo, sees the EU's defence cooperation as an important framework and instrument to foster European unity at a time of uncertainty. Foreign Minister Wallström confirmed in her annual Statement on Foreign Affairs in mid-February 2019: "*Sweden's security begins in Europe. EU cooperation gives us peace, stability and growth.*"¹³ Therefore, Sweden regards the fact that 25 out of 28 member states joined

¹⁰ SOFF (2019) Niklas Alm, strategichef/stf generalsekreterare Säkerhets- och försvarsföretagen, Folk och Försvar Rikskonferens, Sälen, 13 January, at <http://www.folkochforsvar.se/rikskonferensen/rk19-sondag-1425.html>

¹¹ TT Nyhetsbyrå (2017) Löfven stödjer starkt försvarssamarbete i EU, Dagens Industri, 21 June <https://www.di.se/nyheter/lofven-stodjer-starkt-forsvarssamarbete-i-eu/>

¹² Riksdagen (2017) Sveriges deltagande i det permanenta strukturerade samarbetet inom Europeiska unionen. Sammansatta utrikes- och försvarsutskottets betänkande 2017/18:UFöU3, 6 December, at <https://www.riksdagen.se/sv/dokument-lagar/arende/betankande/sveriges-deltagande-i-det-permanent-a-H501UFöU3>

¹³ Minister for Foreign Affairs Margot Wallström (2019) Statement of Government Policy at the Parliamentary Debate on Foreign Affairs, 13 February, at https://www.regeringen.se/49132e/globalassets/regeringen/dokument/utrikesdepartementet/utrikesdeklaratione_n2019_engelska.pdf

PeSCo as a very positive outcome of the EU-internal discussions and negotiations. PeSCo in its current, inclusive form is therefore from the Swedish perspective more desirable than if a smaller group of states had moved forward in line with the stipulations of article 42(6) of the Lisbon Treaty on European Union. In this vision of PeSCo, as a tool to counter the increasing divisions within the Union, Sweden shares and fully supports the German aim of continued inclusiveness and broad-based engagement across the EU, mobilising as many member states as possible to join projects in the PeSCo framework. Sweden agrees in this regard with other EU member states in their scepticism towards the French proposals. In particular, a deep-seated scepticism has been spreading from other EU-states to Sweden, that questions the French motivations for seeking to deepen defence cooperation among a more exclusive group of European states. Negative consequences for EU unity concern Sweden, which is why France has come to be regarded as a difficult partner.

At the same time, Sweden's own focus on national sovereignty and the government's emphasis on maintaining Sweden's ability to make independent national defence policy choices - fully supported by the majority of Sweden's parties in Parliament - is expressed by the rejection of any supranationalism and a strong emphasis on the national definition of military objectives in PeSCo, and in the emphasis placed on the need to reduce the EU's expenditure post-Brexit, with implications for the EDF budget.¹⁴

Sweden was hesitant regarding PeSCo at the start but now positions itself as a supporter of an inclusive PeSCo process, albeit with reservations regarding the level of integration pursued within PeSCo. Sweden has threefold broader objectives linked to those outlined in the *European Global Strategy* (EGS) of June 2016: first, an enhanced European defence cooperation through PeSCo shall protect Europe; second, PeSCo shall assist national and multinational capacity building; and third, that it shall contribute to enhancing the EU's crisis management capabilities. Boiled down to the essentials, the key role of PeSCo is, from the Swedish government's perspective - and endorsed by a large majority in the Swedish Parliament - to promote EU unity, to strengthen the EU's and Sweden's military capacity, and to strengthen national civilian and military crisis management capabilities

¹⁴ See Riksdagen (2017) Start för Europeiska försvarsfonden. Försvarsutskottets utlåtande 2017/18:FöU10, https://www.riksdagen.se/sv/dokument-lagar/arende/utlatande/start-for-europeiska-forsvarsfonden_H501FöU10

in the EU context to ensure "synergies and added value".¹⁵ This was made clear already in mid-2017 by Defence Minister Peter Hultqvist and Foreign Minister Margot Wallström in a joint op-ed published in the Swedish daily *Dagens Nyheter* where they both lent their full support to a strengthening of European security and defence cooperation in the EU, while emphasising the strictly intergovernmental nature of such cooperation.¹⁶ The national objectives were explicitly formulated and elaborated in writing before the decision on whether or not to join PeSCo was put to a formal vote in the Swedish Parliament.¹⁷ All three objectives are equally emphasised: the first and third reinforce Swedish foreign affairs priorities, and the second reflects a broad consensus in Sweden that priority must be given across the EU to building up national military capabilities as a means of increasing both European and Swedish security.

Whereas the PeSCo framework as such is regarded in Sweden as an important political initiative helping to consolidate the foreign, security and defence cooperation among the EU member states, Sweden itself has focused much of its efforts on bilateral and multilateral defence cooperation arrangement outside of the EU framework. The Swedish Defence Ministry's ambition regarding PeSCo is in this context mainly shaped by the need for the Swedish Armed Forces and Sweden's Defence Materiel Administration (FMV)¹⁸ to use their resources efficiently, and to ensure that Sweden can continue to deepen its defence partnerships with key non-EU partners. As a NATO-outsider, it might be assumed that Sweden could view PeSCo as "an alternative to NATO". That is not the case. For Sweden, the development of PeSCo in the EU framework serves as a complement, and a useful addition to all ongoing capability development measures, existing defence cooperation formats and cooperation forums in which Sweden is engaged to strengthen its defence capabilities and deterrence against Russia. The primary reference points for

¹⁵ This was emphasised by Prime Minister Löfven in September 2016 in the Swedish Parliament as he reported on the government's position at the European Council, Riksdagen [Swedish Parliament] (2016) EU-nämndens uppteckningar 2016/17:1, 15 September, at http://www.riksdagen.se/sv/dokument-lagar/dokument/eu-namndens-uppteckning/torsdagen-den-15-september-2016_H40A1

¹⁶ Foreign Minister Wallström and Defence Minister Hultqvist (2017) Vi vill agera för att stärka EU:s försvarssamarbete, *Dagens Nyheter*, 20 June, at <https://www.regeringen.se/debattartiklar/2017/06/vi-vill-agera-for-att-starka-eus-forsvarssamarbete/>

¹⁷ Riksdagen (2017) Sveriges deltagande i det permanenta strukturerade samarbetet inom Europeiska unionen. Sammansatta utrikes- och försvarsutskottets betänkande 2017/18:UFöU3, 6 December, at https://www.riksdagen.se/sv/dokument-lagar/arende/betankande/sveriges-deltagande-i-det-permanenta_H501UFöU3

¹⁸ FMV is the Swedish Defence Materiel Administration which is a governmental agency under the Ministry of Defence that supplies defence logistics to the Swedish Armed Forces.

Sweden's defence policy and for the development of its national defence capabilities are the Enhanced Opportunities Partnership with NATO, bilateral and multilateral partnerships with NATO members - above all the USA and the UK - and the long-standing structured cooperation within the Nordic cluster of states.¹⁹ Here, the Finnish-Swedish bilateral defence cooperation "beyond peacetime" and enhanced cooperation with Norway and Denmark are key priorities. At the same time, Sweden's outsider status vis-a-vis NATO remains a fact and there is no indication that any accession to NATO is on the cards in the current or next legislative periods. The closer coordination on defence between the EU and NATO is in that context explicitly desired and of particular importance to Sweden.²⁰

Foreign Minister Wallström confirmed in her Statement on Foreign Affairs of mid-February 2019 that "*Sweden's security policy remains firmly in place. Our non-participation in military alliances serves us well and [...] requires an active [...] foreign and security policy combined with [...] credible national defence capabilities.*"²¹ Consequently, it is neither a pronounced Swedish ambition, nor in any way an expectation that PeSCo will come to play a major role in Sweden's domestic and international political or practical work to strengthen the national military capabilities. In this sense, Sweden has adopted both a French perspective - of regarding PeSCo as an add-on, rather than a game-changer or anchor for the national defence capability development - and a German perspective, of seeing the core value of PeSCo in the role it may play for fostering European unity through its inclusive approach.²² That does not mean, however, that PeSCo plays no role in the current planning of the Foreign Ministry, Defence Ministry, Swedish Armed Forces, Defence Materiel Administration and Swedish defence industry. The potential of PeSCo, and the necessity for Sweden to fully engage with it, has been recognised in Stockholm,

¹⁹ For a detailed analysis of ongoing work to strengthen the operational dimension of Nordic defence cooperation (in Swedish) see Engvall, J., Hagström Frisell, E., Lindström, M. (2018) Nordiskt operativt försvarssamarbete. Nuläge och framtida utvecklingsmöjligheter, FOI, at <https://www.foi.se/nyheter-och-press/nyheter/2018-11-13-okat-nordiskt-forsvarssamarbete.html>

²⁰ See e.g. Sweden's NATO Ambassador Håkan Malmqvist (2018) Sweden and NATO – 23 years down the road, 11 January, NATO Review, at <https://www.nato.int/docu/review/2018/also-in-2018/sweden-and-nato-23-years-down-the-road-defence-security/en/index.htm>

²¹ Minister for Foreign Affairs Margot Wallström (2019) Statement of Government Policy at the Parliamentary Debate on Foreign Affairs, 13 February, at https://www.regeringen.se/49132e/globalassets/regeringen/dokument/utrikesdepartementet/utrikesdeklaratione_n2019_engelska.pdf

²² See both the discussions in de France, O. (2019) PeSco, the French Perspective, Ares and Mölling, C. & Major, C. (2019) PeSco, the German Perspective, Ares.

but Swedish decision-makers have yet to engage in a more substantive debate about concrete developments within PeSCo and future plans.

The importance attributed by Sweden to playing a tangible role in the EU's practical military capability development is confirmed by the decision, announced in early February 2019, to put forward the Chief of the Swedish Army, Major General Karl Engelbrektson, as a candidate for the post of Director General for the European Military Staff (DG EUMS), who would, if elected, take over from the Finnish officeholder Esa Pulkkinen. The official statement further underlines the importance for Sweden of article 42.7 of the Lisbon Treaty, and the mutual defence and solidarity commitments in the EU in case of an armed aggression. In the motivation for Engelbrektson's candidacy, the Swedish Armed Forces emphasise the need to maintain European unity as an important pillar for Swedish security. Having a Swede as DG EUMS would strengthen Sweden's ability to shape the development of the EU's Common Security and Defence Policy.²³

The Swedish perspective is that PeSCo can generate added value in areas where existing frameworks have been lacking: it can enhance, but not replace, the different forms of defence cooperation that Sweden maintains with its key partners. This was also made crystal clear in the government's proposition to the Swedish Parliament on PeSCo, namely in its statement that the core objective of Sweden's Defence Bill (2016-2020) is to increase the operational capabilities of the Swedish Armed Forces for the defence of Sweden in the event of an armed attack, and that Swedish participation in PeSCo has to support this objective.²⁴ As a representative of the Armed Forces stated at the annual Swedish security conference in Sälen in mid-January 2019: *"If we in Sweden don't play our cards right, we will be turned into net contributors to the enhancement of other countries' defence capabilities"*, rather than making sure that EU funds and opportunities within PeSCo are fully exploited to serve *Swedish* needs and interests.²⁵ This view and concern are shared

²³ Försvarsmakten (2019) Sverige nominerar kandidat till tjänsten som Director General European Union Military Staff, 7 February, at <https://www.forsvarsmakten.se/sv/aktuellt/2019/02/sverige-nominerar-kandidat-till-tjansten-som-director-general-european-union-military-staff/>

²⁴ Riksdagen (2017) Sveriges deltagande i det permanenta strukturerade samarbetet inom Europeiska unionen. Sammansatta utrikes- och försvarsutskottets betänkande 2017/18:UFöU3, 6 December, at <https://www.riksdagen.se/sv/dokument-lagar/arende/betankande/sveriges-deltagande-i-det-permanent-a-H501UFöU3>

²⁵ Original quote: "Spelar inte vi i Sverige våra korten rätt så kommer vi bli nettobidragare till någon annans högda operativa förmåga, och inte den svenska", Försvarsmakten (2019) Johan Svensson, chef Produktionsledningen, Folk och Försvar Rikskonferens, Sälen, 13 January, at <http://www.folkochforsvar.se/rikskonferensen/rk19-sondag-1425.html>

by representatives of the Swedish defence industrial base who have urged the Swedish government to pay closer attention to the consequences of PeSCo - and the EDF - for the Swedish industry's ability to maintain its competitive and innovative edge and to remain attractive to key partners from outside the EU.²⁶

PESCO – WHAT IS IN IT FOR SWEDEN AND NORDEFECO?

Since PeSCo has become viewed as a useful form of intergovernmental cooperation, the primary objective for Sweden is now to ensure that the resources available within PeSCo framework also foster the Swedish national capability development where the practical implications of the European Defence Fund have received particular attention in the limited Swedish debate on PeSCo. Sweden's position is shaped by the complex Nordic regional context and the importance of its traditional military defence partnerships with the USA and the UK. In the EU/NATO-insider/outsider context, the established Nordic Defence Cooperation *Nordefco* serves as an important means of bridging the NATO-outsider status of Sweden and Finland with both Denmark's opt-out from EU cooperation on security and defence and Norway's (and Iceland's) associated EU-outsider status which limits their participation in EU defence cooperation. Swedish interests in PeSCo, and specifically vis-a-vis the EDF are closely connected with the regional conditions and current developments in *Nordefco*. It is worth noting that *Nordefco* itself explicitly allows for cooperation with non-Nordic "third countries" where such cooperation can generate added value for the Nordic countries' defence capabilities development.²⁷

The Swedish defence industry places demands and strong expectations on the government to stand up for the specific Swedish needs in PeSCo, and the Swedish Armed Forces have similarly become concerned about whether the government can ensure that only those capability developments are promoted strategically in the EU and actually fill a gap and meet specific national needs. The fact that the recently appointed Secretary of State in the Swedish Ministry of Defence, Jan-Olof Lind, possesses more than fifteen years

²⁶ SOFF (2018) SOFF:s remissvar på EU-kommissionens förslag till Europaparlamentets och rådets förordning om inrättande av europeiska försvarsfonden COM (2018) 476 med hänvisning till diarienummer Fö2018/01010/MFU, 10 September, at <https://soff.se/wp-content/uploads/2018/09/Remissyttrande-EU-KOM-förslag-till-förordning-för-EDF.pdf>

²⁷ FMV (2019) Sverige tar över ordförandeskapet i *Nordefco*, 5 Feb, at <https://www.fmv.se/sv/Nyheter-och-press/Nyheter-fran-FMV/Sverige-tar-over-ordforandeskapet-i-Nordefco/>

of work experience dealing with defence materiel questions will certainly ensure that the EDF and Sweden's capability development through PeSCo will receive close attention in the next years.²⁸

SWEDISH AND NORDIC CONCERNS ABOUT THE EUROPEAN DEFENCE FUND

The Swedish government is deeply concerned that the restrictive approach to fostering European defence industrial partnerships promoted by France and Germany is creating unequal opportunities for Swedish industry as it might severely hamper Swedish access to the European Defence Fund.²⁹ The explicit constraints placed on industry part- or wholly-owned by non-EU stakeholders will effectively lead to a discrimination against the Swedish industry.³⁰ Together with the UK's exit from the EU, the specific Swedish industrial structure, whose defence industrial base is to a substantial extent non-state and foreign-owned (especially by the UK), poses practical and commercial problems for the Swedish capability development if the "third country/entity" restrictions are maintained without allowing exceptions for the UK, but also for the USA. The well-developed commercial partnerships between technologically advanced Swedish industrial actors and counterparts outside the EU, and the geostrategic priorities of the Swedish government of promoting Nordic and Northern European joint defence projects are a difficult match with the Franco-German interests, the specific French and German industrial framework and their ownership of major industrial actors.

The special Swedish position is shaped by both the immutable geographic conditions and the full privatisation and large foreign ownership of the Swedish defence industrial base³¹. Among the Nordic states, resource constraints in the military budget are a shared

²⁸ Government Offices of Sweden (2019) CV Jan-Olof Lind, 23 January, at <https://www.regeringen.se/sveriges-regering/forsvarsdepartementet/peter-hultqvist/statssekreterare-hos-peter-hultqvist/>

²⁹ Regeringskansliet [Swedish Government Offices] (2017) Faktapromemoria 2017/18:FPM153, 25 July, at <https://data.riksdagen.se/fil/366DB9D8-AD95-4D35-A39F-FD16234AA061>

³⁰ The concerns stem from the EDIDP Regulation's clarification in (15) that "[...] only entities which are established in the Union and are not subject to control by a third country or by a third-country entity should, in principle, be eligible for funding. [...] the infrastructure, facilities, assets and resources used [...] in an action funded under the Programme, should not be located on the territory of a third country".

³¹ For details (in Swedish), see Axelsson, M. & Lundmark, M. (2007) Försvarsindustri i Sverige .Konsekvenser av internationaliserat ägande, Swedish Defence Research Agency, FOI-R-2211-SE and Andersson, J.J. (2009) Försvarsindustrins säkerhetspolitiska roll: Från hårt stål till mjuk makt?, UI Occasional Papers 24, at

concern, and for Sweden, a key priority is to rapidly increase Sweden's military capabilities in the most cost-effective way and to quickly strengthen the ability for the Nordic countries to engage in joint military action in the region, through improved military mobility.³² A satisfactory resolution of the controversial "third country entity" and "associated countries" question in the PeSCo framework, and ensuring third country participation in the European Defence Fund is for Sweden an absolute *sine qua non*, without which any future defence industrial developments in PeSCo cannot fully serve Swedish needs.³³ The British and American ownership and bases of key Swedish defence industrial actors, notably the British *BAE Systems Hägglunds* and *Weapons Systems Sweden* (Bofors), and the US and British collaborations with different branches of the Saab Group,³⁴ but also Norway's EU-outsider status have to be addressed. A general agreement on allowing Norway³⁵ - and the UK after Brexit - to participate in PeSCo projects is of vital importance for Sweden.³⁶

The Swedish Ministers regularly express their concerns in the EU about the restrictiveness of the agreed principles regarding the participation of third parties in the EDIDP and the EDF as "deplorable". The EDIDP Regulation, adopted in 2018, defines a third-country entity as "an entity established in a third country or, where it is established in the Union, having its executive management structures in a third country" (art. 2(6)) with strict conditions that are further developed in Art. 7 (4). The stipulations of the EDIDP regulation cannot satisfy the Swedish interests, although a certain wriggle room has been ensured, notably that "*In certain circumstances, it should be possible to derogate from the principle that beneficiaries and subcontractors [...] are not subject to control by a third country or by a third-country entity*" (16), however with strict conditions attached,

<https://www.ui.se/globalassets/ui.se-eng/publications/ui-publications/forsvarsindustrins-sakerhetspolitiska-roll-fran-hart-stal-till-mjuk-makt-min.pdf>

³² Regeringskansliet (2019) Ny vision för försvarssamarbetet Nordefco, 5 January, at <https://www.regeringen.se/regeringens-politik/nordiskt-forsvarssamarbete/ny-vision-for-forsvarssamarbetet-nordefco/>

³³ Defence Minister Peter Hultqvist (2018) EU-Natosamarbete på försvarsministermöte, 21 November, at <https://www.regeringen.se/artiklar/2018/11/eu-natosamarbete-pa-forsvarsministermote/>

³⁴ For details on the Swedish-US defence industrial ties, see Belin, J. et al (2017) Defence Industrial Links between the EU and the USA, Ares Report #20, pp.19-24, at <http://www.iris-france.org/wp-content/uploads/2017/09/Ares-20-Report-EU-DTIB-Sept-2017.pdf>

³⁵ Foreign Minister Margot Wallström (2018) Svar på fråga 2017/18:1121 av Pål Jonson (M) Stöd till Norge inom ramen för Pesco, Riksdagen [Swedish Parliament], 10 April, at https://www.riksdagen.se/sv/dokument-lagar/dokument/svar-pa-skriftlig-fraga/stod-till-norge-inom-ramen-for-pesco_H5121121

³⁶ Defence Minister Peter Hultqvist (2018) EU-Natosamarbete på försvarsministermöte, 21 November, at <https://www.regeringen.se/artiklar/2018/11/eu-natosamarbete-pa-forsvarsministermote/>

namely that "*Beneficiaries [controlled by a third country or third country entity] should provide all relevant information about the infrastructure, facilities, assets and resources to be used in the action*" where other EU member states' "*concerns regarding security of supply should also be taken into account*" and (17) "[...] *there should be no unauthorised access by a third country or a third-country entity to classified information relating to the execution of the action.*"³⁷

SOFF has, on behalf of the Swedish industry, underlined the practical problems associated with the criteria imposed on "third country entities" which make it "in practice virtually impossible" for any third country defence industrial entity from non-associated countries to participate in EDIDP-financed projects.³⁸ These concerns are voiced in Brussels by Sweden's representatives, and the Swedish defence and security industry association and its Nordic partner associations are engaged in systematic lobby efforts to raise awareness of the practical problems that the third country principle generates for Nordic industrial actors. Sweden's FMV has similarly underlined the importance of the transatlantic relationship in defence materiel acquisition and development, both for securing and developing Swedish defence capabilities to meet the security challenges in the coming years.³⁹ This is illustrated by examples such as the close cooperation between Boeing and Saab regarding the US Air Force's new training aircrafts.⁴⁰

Nordic industry argues that the EU's defence industrial initiatives regarding research and development must enable Swedish collaboration with the UK (post-Brexit), USA and Canada, since the EU would otherwise "risk becoming inward-looking and protectionist" to the detriment of the industry's competitiveness on the global markets, and would lose

³⁷ Regulation (EU) 2018/1092 of the European Parliament and of the Council of 18 July 2018 establishing the European Defence Industrial Development Programme aiming at supporting the competitiveness and innovation capacity of the Union's defence industry, at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1092>

³⁸ SOFF (2018) SOFF:s remissvar på EU-kommissionens förslag till Europaparlamentets och rådets förordning om inrättande av europeiska försvarsfonden COM (2018) 476 med hänvisning till diarienummer Fö2018/01010/MFU, 10 September, at <https://soff.se/wp-content/uploads/2018/09/Remissyttrande-EU-KOM-förslag-till-förordning-för-EDF.pdf>

³⁹ FMV (2019) Göran Mårtensson, generaldirektör Försvarets materielverk (FMV), Folk och Försvar Rikskonferens, Sälen, 13 January, at <http://www.folkochforsvar.se/rikskonferensen/rk19-sondag-1425.html>

⁴⁰ Saab group (2018) Saab har fått en order från Boeing avseende teknik- och tillverknings-fasen (EMD) för skolflygplanet T-X. Ordervärdet uppgår till cirka MUSD 117,6 och sträcker sig till 2022, 18 October, at <https://saabgroup.com/sv/media/news-press/news/2018-10/saab-far-order-fran-boeing-avseende-skolflygplanet-t-x/>; Boeing (2018) It's Official: Boeing Wins T-X!, 27 September, at <https://www.boeing.com/features/2018/09/tx-wins-09-18.page>

their innovative edge.⁴¹ The provisional agreement on the EDF reached in February 2019 does not do away with these concerns, since "in principle only entities established in the EU or associated countries *and not controlled by third countries or their legal entities* are eligible for funding", while "*EU based subsidiaries of third country companies*" would only "*exceptionally be eligible to funding*".⁴² Entities based outside of the EU can participate in projects, but without receiving any funding.

NORDIC PROCUREMENT AND SWEDEN'S TRANSATLANTIC CHOICES

As SOFF, together with its Nordic partners, already noted in 2018, "*We should not create European champions by political decisions and give them preferred access to EU funds*" since it disregards the extent to which cooperation with companies from outside the EU will benefit the continuing technological developments and the quality of products that make them more competitive on the world market.⁴³ Those Swedish industrial entities that are fully eligible for funding will need to find partners in the EU in order to obtain their share of funding, but as the Nordic defence industries' associations emphasise: whereas "*Ownership of European defence industries from certain countries must naturally be closely monitored [...] when the owners come from one of our close partners and allies that share our democratic values, foreign ownership could also be positive, in terms of access to markets and technologies. This is especially true in the Nordic countries, where defence industrial ties and ownerships are global/international.*"⁴⁴

The Swedish government will, together with the Netherlands⁴⁵ and other likeminded states, seek to ensure that the EDF and EDIDP will be open to UK-based industrial actors, but ideally also to partners based in Canada and the USA. The question of EU-based ownership as a criteria for participation in the EU's technological development

⁴¹ Nordic Defence and Security Industry Associations (2018) Food for Thought Paper – Considerations on the European Defence Fund and the EDIDP Work Programme, 21 August, at <https://soff.se/wp-content/uploads/2018/08/20180821-EDF-letter-to-NORDEFECO-and-Nordic-NADs.pdf>

⁴² European Commission (2019) EU budget for 2021-2027: Commission welcomes provisional agreement on the future European Defence Fund, 20 February, at http://europa.eu/rapid/press-release_IP-19-1269_en.htm

⁴³ Nordic Defence and Security Industry Associations (2018) Food for Thought Paper – Considerations on the European Defence Fund and the EDIDP Work Programme, 21 August, at <https://soff.se/wp-content/uploads/2018/08/20180821-EDF-letter-to-NORDEFECO-and-Nordic-NADs.pdf>

⁴⁴ *ibid.*

⁴⁵ See Zandee, D. (2019) PeSco: The Dutch Perspective, Ares

programmes is all the more relevant for Sweden, since an exclusion of non-European (USA, Canada), *European* non-associated non-EU (UK, post-Brexit)⁴⁶ or non-participating partners (Denmark, due to its opt-out) has implications for the intra-Nordic, and the outward-looking Northern/transatlantic efforts to generate greater resource effectiveness. Norway benefits at least from its participation in the European Defence Agency and (together with Iceland) also a privileged access to the European Defence Fund in the coming years, after strong lobbying by the Norwegian government.⁴⁷

Under the current Swedish Nordefco chairmanship, a key focus is the completion of *Nordic Procurement Guidelines* to facilitate Nordic armaments and industrial cooperation, to facilitate the development of Nordic joint procurement plans,⁴⁸ and to create conditions that enable the Nordic industrial base to compete successfully for EDF-funds and specifically financing within the EDIDP.⁴⁹ The Swedish and Nordic defence industry associations have already underlined the positive potential of EDF that would be benefitting Nordic industry and the Nordic Armed Forces "*if favourable framework conditions are put in place*".⁵⁰ Any Nordic materiel development programmes with the participation of non-Nordic EU industrial actors will however require strong governmental support to succeed.⁵¹

WILL SWEDEN TURN MORE EUROPEAN?

The defence industrial actors themselves may hold a key to the answer on whether or not future Swedish capabilities development will become more firmly anchored within the

⁴⁶ SOFF (2018) Europeiska försvarsfonden och Brexit – en analys av senaste veckans händelser, 27 November, at <https://soff.se/2018/11/27/europeiska-forsvarsfonden-och-brexit-en-analys-av-sista-veckans-handelser/>

⁴⁷ Statsministerens kontor (2018) Norges sikkerhets- og forsvarspolitiske samarbeid med EU, 8 August, at <https://www.regjeringen.no/no/tema/europapolitikk/tema/sikkerhet-og-forsvar1/id686148/>; see also FSI (2018) Forsvarssamarbeid i EU – Norsk forsvarsindustri på utsiden?, March, at <http://www.fsi.no/nyheter/ledere/forsvarssamarbeid/>

⁴⁸ FMV (2019) Sverige tar över ordförandeskapet i Nordefco, 5 Feb, at <https://www.fmv.se/sv/Nyheter-och-press/Nyheter-fran-FMV/Sverige-tar-over-ordforandeskapet-i-Nordefco/>

⁴⁹ Regeringskansliet [Government Offices of Sweden] (2019) Prioriteringar under det svenska ordförandeskapet i Nordefco 2019 [Priorities during the Swedish Chairmanship of Nordefco], 4 January, at <https://www.regeringen.se/regeringens-politik/nordiskt-forsvarssamarbete/ny-prioriteringar-under-det-svenska-ordforandeskapet-i-nordefco-2019/>; see also Nordic Defence and Security Industry Associations (2018) Food for Thought Paper – Considerations on the European Defence Fund and the EDIDP Work Programme, 21 August, at <https://soff.se/wp-content/uploads/2018/08/20180821-EDF-letter-to-NORDEFECO-and-Nordic-NADs.pdf>

⁵⁰ *ibid.*

⁵¹ Nordic Defence and Security Industry Associations (2018) Food for Thought Paper – Considerations on the European Defence Fund and the EDIDP Work Programme, 21 August, at <https://soff.se/wp-content/uploads/2018/08/20180821-EDF-letter-to-NORDEFECO-and-Nordic-NADs.pdf>

EU - notably with France and Germany - or continue to focus on non-EU and specifically transatlantic partners. The pressure applied on Sweden, notably by France, to choose intra-EU partnerships rather than favour the transatlantic/non-EU partners in defence industrial development programmes for the future is increasing in the context of the British exit from the EU. Paris greeted with disappointment the fact that in the autumn of 2018, Sweden who had the choice between a European and an American air defence system, decided to "buy American".⁵² The choice stood between SAMP/T Aster, developed by a French-Italian consortium and which is used also by the UK⁵³ and Raytheon's MIM-104 Patriot system from the US, which is used for example in the EU by, Germany, Spain, The Netherlands and Poland.⁵⁴ The head-to-head competition between the more explicitly "European choice" and the "transatlantic choice" was illustrated by the fact that both France and the USA chose to showcase these air defence systems in Sweden's major military exercise *Aurora 17*.⁵⁵

The Swedish dilemmas continue in 2019, now regarding plans for European air combat "systems of systems", where the UK's *Team Tempest* represents - post-Brexit - the non-EU side (albeit with Italian participation), and the Franco-German *Future Combat Air System* (FCAS) represents the "core EU" side. The *Tempest* is a combat air system that will be designed to meet, first and foremost, the Royal Air Force's future needs and whose technological development will be driven by BAE Systems together with MBDA, Rolls-Royce and Leonardo.⁵⁶ The FCAS plans for a *New Generation "European" Fighter* is already hailed as "the most ambitious European defence programmes of the century" with an explicit aim "to ensure tomorrow's European strategic autonomy".⁵⁷ With Spain also joining the FCAS, the final decision by Saab, which has been sitting on the fence during

⁵² Försvarmakten (2018) Försvarmakten anskaffar luftvärnssystem Patriot, 2 August, at <https://www.forsvarmakten.se/sv/aktuellt/2018/08/forsvarmakten-anskaffar-luftvarnssystemet-patriot/>

⁵³ Eurosam (n.d.) Ground launched systems, at <http://www.eurosam.com/products/ground-launched-systems/>

⁵⁴ Raytheon (2018) Sweden, US sign agreement for Patriot. Sixteen nations now rely on Patriot System for missile defense, 8 October, at <https://www.raytheon.com/news/feature/sweden-us-sign-agreement-patriot>

⁵⁵ Winnerstig, M (2017) The Strategic Ramifications of the Aurora 17 Exercise in Sweden, 2 October, at <https://icds.ee/the-strategic-ramifications-of-the-aurora-17-exercise-in-sweden/>

⁵⁶ BAE Systems (n.d.) The Future of Combat Air. Our role developing technologies for the future, at <https://www.baesystems.com/en/feature/the-future-of-combat-air>; see also Bronk, Justin (2018) Enter the Tempest, 16 July, at <https://rusi.org/publication/rusi-defence-systems/enter-tempest>

⁵⁷ Dassault Aviation (2019) Airbus and Dassault Aviation sign Joint Concept Study contract for Future Combat Air System, 6 February, at <https://www.dassault-aviation.com/en/group/press/press-kits/airbus-dassault-aviation-sign-joint-concept-study-contract-future-combat-air-system/>; BDLI (2018) Positionspapier zur Deutsch-Französischen Kooperation im Bereich Future Combat Air System, June, at https://www.bdli.de/sites/default/files/2018-06/Positionspapier_FCAS.pdf

2018, being invited by both the *Tempest* and *FCAS*,⁵⁸ will underline the extent to which the Swedish industry can be pulled by the Franco-German tandem into the envisaged "core" of what might become an "EU defence" industrial base.

SWEDEN'S CHOICE OF PESCO PROJECTS AND NORDIC ADDED VALUE

Sweden has remained cautious in its engagement with PeSCo projects. This has much to do with the need to allocate its resources effectively, but also with the current view of PeSCo as an add-on for Sweden's national capabilities development. From this vantage point, EU projects are worthwhile for Sweden as long as they can deliver concrete practical, operational benefits at a moderate financial cost. Sweden participates in four of the now thirty-four projects.⁵⁹ Sweden co-leads one PeSCo project with France - the only project of the second batch (of November 2018) that Sweden participates in - and joined another three of the first batch (of March 2018), two of which are led by Germany and the third by the Netherlands. All four projects are for Sweden "low-cost and high benefit" and fit very well within Sweden's core objectives in PeSCo, that is the domestic priorities of enhancing capabilities and the international priorities of strengthening the EU's crisis management capabilities.

Sweden co-leads with France the *EU Test and Evaluation Centres (ETEC)* project which brings together - with Spain - three of the EU's main defence industrial producers, as well as Slovakia.⁶⁰ The ETEC's aim is to improve European test capacities and capabilities. Defence Minister Peter Hultqvist has emphasised the complementary nature of the French and Swedish contribution to the test and evaluation project.⁶¹ It also provides an opportunity for Sweden and France to pursue a project that underlines the possibilities that both countries' industrial bases can offer to intensify the European defence industrial cooperation. At the same time, the project serves the purpose of highlighting Sweden's

⁵⁸ SvD (2018) Britterna vill ha med Saab i nytt stridsflyg, 17 July, at <https://www.svd.se/britterna-vill-ha-med-saab-i-nytt-stridsflyg>; SvD (2019) Nytt fransk-tyskt stridsflyg sätter press på Sverige, 6 February, at <https://www.svd.se/nytt-fransk-tyskt-stridsflyg-satter-press-pa-sverige>

⁵⁹ See "Permanent Structured Cooperation (PESCO) updated list of PESCO projects - Overview - 19 November 2018", at <https://www.consilium.europa.eu/media/37028/table-pesco-projects.pdf>

⁶⁰ Member State driven PeSCo (n.d.) PeSCo Projects. EU Test and Evaluation Centres, at <https://pesco.europa.eu/project/eu-test-and-evaluation-centres/>

⁶¹ Kleja, M. (2018) EU satsar på 17 nya försvarsprojekt - ska testa vapen i Sverige, 20 November, at <https://www.europaportalen.se/2018/11/eu-satsar-pa-17-nya-forsvarsprojekt-ska-testa-vapen-i-vidsel>

defence industrial capacity, and it turns the Swedish Defence Materiel Administration's well-established *Test and Evaluation Centre Vidsel*⁶² in Lappland into a European cooperation project for advanced test and evaluation for military systems.⁶³ The test and evaluation centres network will promote the use of European test and operational evaluation centres, and also ensure that the Test Range in Vidsel is used for EU supported projects. The particular benefit for Sweden is that the project makes use of an existing facility that has been in operation for half a century and is the largest of its kind in Europe.⁶⁴

Another project of immediate practical value for Sweden is the Dutch-led *Military Mobility*⁶⁵ which has become known as the EU's "*Military Schengen*". It has gathered Finland, the large EU member states Germany, France, Italy, Spain and Poland, the Baltic neighbours Estonia, Latvia, and Lithuania, and the smaller and medium sized EU countries Belgium, Luxembourg, Bulgaria, Romania, Slovakia, Czechia, Hungary, Austria, Slovenia, Portugal, Greece, Croatia and Cyprus. The utility of this PeSCo project is obvious, and the fact that so many EU member states participate in it, increases its added value for Sweden. The *Military Mobility* project will help simplify cross-border military transport procedures, support the unhindered movement of military personnel and assets within the borders of the EU and enhance the speed of movement of military forces across Europe - which will benefit remotely located Sweden at the Northern edge of Europe.

After the start of the Russian armed aggression against Ukraine, Sweden was forced to rapidly start building up the Armed Forces' ability "to give and receive help" in line with the Swedish solidarity pledge which is also anchored in the Defence Bill of 2015. It specifies that Sweden must be able to "*give and receive [...] military support*" to and from EU member states and its Nordic neighbours.⁶⁶ The PeSCo project delivers in this respect added value for Nordefco's intra-Nordic military mobility initiative on *Easy Access* that

⁶² FMV (n.d.) Provpplats Vidsel, at <https://www.fmv.se/sv/Verksamhet/Test-och-Evaluering/Provplatser/Vidsel---ny/>

⁶³ FMV (2017) Vidsel kan bli EU:s gemensamma provplats, 17 November, <https://www.fmv.se/sv/Nyheter-och-press/Nyheter-fran-FMV/Vidsel-kan-bli-EUs-gemensamma-provpplats/>

⁶⁴ Vidsel Test Range's dedicated website at <http://www.vidseltestrange.com/>

⁶⁵ Member State driven PeSCo (n.d.) PeSCo Projects. Military Mobility, at <https://pesco.europa.eu/project/military-mobility/>

⁶⁶ Swedish Government (2015) Försvarspolitisk inriktning – Sveriges försvar 2016–2020, Prop. 2014/15:109, at <https://www.regeringen.se/contentassets/266e64ec3a254a6087ebe9e413806819/proposition-201415109-forsvarspolitisk-inriktning--sveriges-forsvar-2016-2020> p.21.

was launched in 2016 "in light of the worsened security situation"⁶⁷. Finland's participation in the *Military Mobility* gives an additional impetus to the Swedish work on *Easy Access* within Nordefco.⁶⁸ *Military Mobility* entails reducing legal hurdles to cross-border movement, reducing the time that bureaucratic procedures such as passport checks at border crossings currently take, reducing the time required to move military forces through and towards different EU member states via rail, road and air. It will also tackle the infrastructure problems, like roads and bridges that cannot accommodate large military vehicles, and among the joint ambitions is to reach an agreement on harmonisation procedures as well as common objectives for upper time limits within which authorisations for the transport of military personnel and equipment can be obtained between the participating states.⁶⁹ *Easy Access*, in its turn, aims to make it easier for the Nordic Armed Forces to access each other's air, sea and land territories and to improve the operational effect and quality of joint operations with the aim of strengthening the security in the Nordic region. The *Military Mobility* and *Easy Access* consequently generate mutually reinforcing benefits for Sweden.

The other two PeSCo projects in which Sweden participates are both led by Germany and support the EU's crisis management capabilities development. The *European Union Training Mission Competence Centre* (EU TMCC)⁷⁰ in which, besides Sweden, also Belgium, Czechia, Ireland, Spain, France, Italy, Luxembourg, Netherlands, Portugal, Austria and Romania participate. This project fulfils the function of improving the level of education and exercise across the participating EU countries. The EU TMCC aims to "improve the availability, interoperability, specific skills and professionalism of personnel (trainers) for EU training missions" and "accelerate the provision for EU training missions due to a higher situational awareness regarding trained, educated and available personnel for current and future EU training missions" and bring together a pool of trainers at the military strategic and operational level. Sweden participates in The *European Medical*

⁶⁷ Nordefco (2016) MoU on Easy Access signed by Nordic Defence Ministers, 9 November, at <http://www.nordefco.org/Memorandum-of-Understanding-on-Easy-Access-signed-by-Nordic-Defence-Ministers>

⁶⁸ Government Offices of Sweden (2016) De nordiska länderna avtalar om större militär rörelsefrihet mellan länderna i fredstid, 9 November, at <https://www.regeringen.se/artiklar/2016/11/de-nordiska-landerna-avtalar-om-storre-militar-rorelsefrihet-mellan-landerna-i-fredstid/>

⁶⁹ Hagström Frisell, E. & Sundberg, A. (2018) Pesco – den fortsatta utvecklingen och dess betydelse för Sverige, FOI Memo 6397, 26 April, at <https://www.foi.se/report-search/pdf?fileName=D%3A%5CReportSearch%5CFiles%5C2c3c16fd-2c2b-4ee8-a732-944bf8b70f48.pdf>

⁷⁰ Member State driven PeSCo (n.d.) PeSCo Projects. European Union Training Mission Competence Centre (EU TMCC), at <https://pesco.europa.eu/project/european-union-training-mission-competence-centre/>

Command (EMC),⁷¹ led by Germany together with France, Italy, Spain, the Netherlands, Czechia, Romania and Slovakia, will provide critical medical resources and provide the EU with a medical capability to support its missions, while ensuring a more efficient management of scarce European medical services. The EMC will increase the interoperability of health care capabilities and include a multinational medical task force with a rapidly deployable capability for basic primary care. The EMC will also provide evacuation facilities, triage as well as resuscitation, treatment and holding of patients, until they can be returned to duty. Both projects match Sweden's interest in further developing and strengthening the EU's capabilities in international deployments and with the comparatively large number of participating states, there is a clear added value generated for Sweden, at a limited cost.

By their very nature, the four PeSCo projects are helpful add-ons, meeting Sweden's needs and fulfilling a clear role in the Swedish and European capability development. They also generate operational benefits in the Nordic region and help feature Sweden as a key defence industrial partner for testing, but also further-reaching industrial cooperation. They reflect at the same time the pragmatism and restraint in the Swedish commitment to EU defence projects and the importance of generating added value for the Armed Forces. The Swedish Defence Ministry's instructions to the Armed Forces for 2019 include a requirement to report on the *concrete, practical results* obtained from their participation in the German Framework Nations Concept, the French European Intervention Initiative, the UK-led Joint Expeditionary Force, and the bilateral defence cooperation with France, the UK and the USA, in terms of their specific contribution to the strengthening of the Swedish Armed Forces' operational capabilities.⁷²

A SWEDISH RE-ORIENTATION? GERMANY'S FNC AND FRANCE'S EII

With PeSCo's further development in mind, the role of the Franco-German tandem is starting to receive increasing attention from Sweden. The intensification of the Franco-German efforts to promote the European defence cooperation, not least with the agenda

⁷¹ Member State driven PeSCo (n.d.) PeSCo Projects. European Medical Command, at <https://pesco.europa.eu/project/european-medical-command/>

⁷² Ministry of Defence of Sweden (2018) Regleringsbrev för budgetåret 2019 avseende Försvarsmakten, 20 December, at <https://www.esv.se/statsliggaren/regleringsbrev/?RBID=19431>

set in the *Treaty of Aachen*⁷³, is putting strong pressure on Sweden (especially as the date for the British exit from the EU is approaching) to reassess its current defence relations with France and Germany. There are, as regards PeSCo, distinct differences between how the German FNC initiative and the French EII are perceived in Stockholm.

To sum things up, the EII is discussed as a serious problem for PeSCo. Misgivings about the EII mirror the criticism expressed by other EU member states about the exclusivity of the European Intervention Initiative, where also Sweden would rather see a more open approach by France, namely an open invitation to all EU member states, and where Sweden agrees with Germany that the EII should be integrated into PeSCo.⁷⁴ The negative Swedish assessment of the EII vis-a-vis PeSCo is grounded in an assessment pronounced by many other critics within the EU that the creation of a "parallel structure" outside of the PeSCo framework is essentially *bad for EU unity*. The Swedish misgivings stem also from suspicions about the French motivations for creating the EII as an "exclusive club".

The German FNC, meanwhile, is rarely placed in the PeSCo context, nor explicitly juxtaposed with the EII. The FNC is assessed rather more broadly as a German initiative in the European context and in terms of the value added for Sweden's bilateral relationship with Germany.⁷⁵

The Swedish *Defence Bill* of 2015 indicated distinct "possibilities to develop and deepen" Sweden's bilateral cooperation with Germany, underlining the large size of the Bundeswehr.⁷⁶ A growing Swedish interest in cooperation with Germany found its expression in June 2017 in the signature of a bilateral *Letter of Intent* (LoI) which covers the Army, Navy and Air Force, armament, joint naval exercises and mine

⁷³ République Française (2019) *Traité de coopération franco-allemand d'Aix-la-Chapelle*, 22 January, at <https://www.diplomatie.gouv.fr/fr/dossiers-pays/Allemagne/rerelations-bilaterales/traité-de-coopération-franco-allemand-d-aix-la-chapelle/>; see also Kunz, B and Kempin, R. (2019) *The Treaty of Aachen. New Impetus for Franco-German Defense Cooperation?* Éditoriaux de l'Ifri, January 2019, <https://www.ifri.org/en/publications/editoriaux-de-lifri/treaty-aachen-new-impetus-franco-german-defense-cooperation>

⁷⁴ Mölling, C. & Major, C. (2019) *PeSCo, the German Perspective*, Ares.

⁷⁵ For a detailed review of the Swedish perspectives on the FNC, see Hagström Frisell, E. & Sjökvist, E. (2019) *Military Cooperation Around Framework Nations. A European Solution to the Problem of Limited Defence Capabilities*, FOI-R-4672-SE, at <https://www.foi.se/rapportsammanfattning?reportNo=FOI-R--4672--SE>

⁷⁶ Government of Sweden (2015) "Sweden's Defence Policy 2016 to 2020", p.26, at <http://www.government.se/49c007/globalassets/government/dokument/forsvarsdepartementet/sweden-defence-policy-2016-to-2020>

countermeasures.⁷⁷ For Sweden's defence industry, Germany has traditionally been important as one of the five main recipients of Swedish military technology, equipment and munitions.⁷⁸ The declared ambition is also to deepen the Swedish-German dialogue on defence, specifically concerning the Baltic Sea.⁷⁹ In June 2018, the Swedish Defence Minister tasked the Swedish Armed Forces to join the German *Framework Nations Concept* and emphasised the role of the FNC in developing "European capabilities" and the opportunity for Sweden to cooperate "in a wide range of capability areas".⁸⁰ Finland had already in June 2017, a year earlier, announced its decision to join the German FNC. The Swedish hesitation comes, in no small part, from the need to carefully assess the added value of additional resource commitments, and to ensure that these do not put further pressure on the financial and personnel constraints that the Armed Forces are currently operating under while having to fulfil an ambitious plan for rapid growth, having to expand in numbers as well as strength for the sake of an effective deterrence.

Sweden's defence relationship with France is presently very narrow, and although both cooperation regarding the joint deployment of Special Forces to conflicts of importance to France and the exchange of intelligence are regarded as strong, the Swedish defence cooperation with France is otherwise extremely thin. In Sweden, concerns regarding France seem to be influenced by suspicions of an alleged French ambition to pull European partners away from the USA, which French officials strongly and adamantly reject. The French support for "European strategic autonomy", which forms a pillar of the European Global Strategy, is in this context regarded as problematic. The divergent understandings and interpretations of what "European autonomy" would entail, but in particular what *France* understands by it, conjure up a real "skräckscenario" - a terrifying perspective - in the minds of those concerned in Sweden, since 2016, about increasing signs that European states are turning their backs on the USA. This is despite the fact that

⁷⁷ Government of Sweden (2017) Sverige och Tyskland undertecknar gemensam avsiktsförklaring på försvarsområdet", at <http://www.regeringen.se/pressmeddelanden/2017/06/sverige-och-tyskland-undertecknar-gemensam-avsiktsforklaring-pa-forsvarsområdet/>

⁷⁸ In 2017, Swedish sales to Germany amounted to 615 million kronors, see Government of Sweden (2017) Regeringens skrivelse - Strategisk exportkontroll 2017 - krigsmateriel och produkter med dubbla användningsområden", at <https://data.riksdagen.se/fil/08936D2E-E4DA-4F9A-96FB-BD8B2F32C7D8>.

⁷⁹ Government of Sweden (2017) Anförande vid invigningen av Berlin Security Conference 2017" at <http://www.regeringen.se/tal/2017/11/anforande-vid-invigningen-av-berlin-security-conference-2017/>.

⁸⁰ Government of Sweden (2018) Sweden joins the German-led Framework Nations Concept (FNC), 28 June, at <https://www.government.se/press-releases/2018/06/sweden-joins-the-german-led-framework-nations-concept-fnc/>

France itself sees the essence of "strategic autonomy" - both nationally and on a European level - as the "ability to act autonomously" when others - especially the USA - are not able, interested or willing to take the lead, or not able/willing/interested to join France (and its European partners), plugging gaps rather than wishing to reduce the transatlantic cooperation. European strategic autonomy - which is within the EGS framework also fully endorsed by Sweden - requires a strengthening of European military capabilities and a stronger emphasis on cooperation among the defence industrial bases in the EU.⁸¹ The French diplomats in Sweden have certainly tried to counter the impression that France is "anti-American" or simply seeking to "go it alone", at the expense of the transatlantic link, but the general impression remains widespread in Sweden that "European autonomy", with France in the lead, could involve cutting ties with the USA.

The Swedish-French PeSCo project is in this regard a small step forward, whereas Saab's choice *in favour* of the FCAS would constitute a giant leap ahead. Militarily, the joint exercise of French Rafale and Swedish Gripen pilots in 2018⁸² indicates that there is an interest, and a mutual benefit to be gained for both Sweden and France in developing their defence cooperation. France's participation in Aurora 17 serves as a signal to the Swedish government, that France means "business" and puts its troops on the ground in Sweden. The French interest in strengthening its anti-submarine warfare capabilities, e.g. with *Dynamic Mongoose 2018*⁸³, suggests that there is also room for mutually beneficial maritime cooperation, were Swedish territorial defence priorities could be supported by a greater French engagement in the Baltic Sea, although that would be contingent upon the extent to which a Swedish-French understanding can be reached on the added value of a stronger, deeper, cross-sectoral defence cooperation that cuts across all levels of the hierarchy and the different branches of the Armed Forces, along the lines of the EII.

The question of Sweden's participation in the EII has received new impetus with Finland's acceptance in 2018 of the French invitation to join the initiative. Whereas Finland quickly

⁸¹ Sundberg, A. (2018) Frankrikes säkerhetspolitik och militära förmåga, FOI Memo 6605, at <https://www.foi.se/rest-api/report/FOI%20MEMO%206605>

⁸² Ministère des Armées (2018) Exercice «Bernadotte»: deux semaines d'entraînement conjoint entre aviateurs français et suédois, 18 September, at <https://www.defense.gouv.fr/actualites/communaute-defense/exercice-bernadotte-deux-semaines-d-entrainement-conjoint-entre-aviateurs-francais-et-suedois>

⁸³ E.e. with *Dynamic Mongoose 2018*, see Allied Maritime Command (2018) NATO's advanced Anti-Submarine Warfare Exercise *Dynamic Mongoose* concludes, 6 July, at <https://mc.nato.int/media-centre/news/2018/nato-advanced-antisubmarine-warfare-exercise-dynamic-mongoose-concludes.aspx>

saw an enhanced cooperation with France as a welcome addition to existing defence cooperation structures, the Swedish response was rather lukewarm. Politically, Sweden's scepticism towards the French motivations for launching the European Intervention Initiative⁸⁴ as an exclusive group has acted as a roadblock. With the UK, Denmark, Finland, the Netherlands and Estonia, as well as Germany, the EII gathers however several of Sweden's partners with a demonstrable added value for Sweden's Armed Forces. In Stockholm, the general impression is that the minute the Swedish government reaches the decision that joining the EII is in Sweden's interest, it would be warmly welcomed by France.

Two concerns from the French side speak against this assumption: the first is the possibility of a Swedish signature of the *Treaty on the Prohibition of Nuclear Weapons* which France regards as a "deal breaker", a perspective endorsed by the Swedish inquiry on the consequences of the Treaty that was presented to the government in January 2019.⁸⁵ The second concern is that for France, the EII is a means of forging a high level of trust and mutual understanding at all levels, across all segments, both horizontally and vertically that will make it possible to mobilise practical military support from EII partners at short notice and with all available means. This "all-in-or-nothing" starting point of the French EII is perhaps the biggest obstacle for Sweden, whose political choices on defence are characterised by a gradual step-by-step process during which costs and benefits are carefully evaluated until the initial scepticism is replaced by the conclusion that for Sweden, remaining outside is more costly than participating. This initial lukewarm Swedish approach then replaced by moderate, pragmatic support applies to both PeSCo and to the FNC. It is unclear, in this context, whether Sweden will commit to the EII in a way that fulfils the French expectations. It will probably be up to France to decide whether having Sweden join the EII *in spite of* its lukewarm posture will create more benefits than costs for the initiative.

⁸⁴ Ministère des Armées (2019) European intervention initiative, 19 February, at <https://www.defense.gouv.fr/english/dgris/international-action/l-ie/l-initiative-europeenne-d-intervention>

⁸⁵ Lundin, L.E. (2019) Utredning av konsekvenserna av ett svenskt tillträde till konventionen om förbud mot kärnvapen [Inquiry into the consequences of a Swedish accession to the Treaty on the Prohibition of Nuclear Weapons], January, at https://www.regeringen.se/48f047/contentassets/55e89d0a4d8c4768a0cabf4c3314aab3/rapport-l-e-lundin_webb.pdf, pp.24-25, pp.45-47.

The Swedish needs in the Nordic region and its assessment of political and operational benefits from the cooperation are key factors influencing whether, and if so how, the defence partnership with the Franco-German tandem will be substantially deepened in the coming years. But there is an additional factor to consider: official representatives of Germany and France acknowledge a lack of clarity in Paris and Berlin regarding the Swedish interests, short- and long-term ambitions and the realistic possibilities for closer defence cooperation with Sweden. Similarly, in Sweden, the French and the German intentions, interests and ambitions on defence vis-a-vis Sweden are not very clear. All three sides agree that their mutual communication problems have hampered an approximation of their vision at a more substantial level of what closer cooperation could entail in a more ambitious long-term vision. Whether and how Sweden will exploit the potential of the FNC with Germany and of the EII with France will therefore also depend on the extent to which a shared understanding can be forged. Last, but not least, it will depend on whether or not the wide gap between Sweden's transatlantic orientation and the French and German "Europe-centric" focus and vision can be bridged, and merged, over time.

CONCLUSION: SWEDISH DEFENCE PRIORITIES IN THE EU

Preparations are currently underway for a new Swedish Defence Bill for the period 2021-2025. The Parliamentary Defence Commission has been tasked to submit its defence and security report to the Swedish government no later than 14 May 2019. Although the government's instructions to the Defence Commission of January 2017⁸⁶ contain no reference to the EU, it is clear that the implications of PeSCo will have to be considered in the Commission's report, and in the development of the Swedish Defence Bill of 2020, for which the report will provide an important input. In this context, considerable work remains in Sweden to achieve a clearer understanding of what the main driving forces, France and Germany, respectively want to achieve with the PeSCo process, and how Swedish defence and in particular industrial interests can best be protected and promoted in that context.

⁸⁶ Swedish Government Offices (2017) Swedish Defence Commission, 29 November, at <https://www.government.se/government-of-sweden/ministry-of-defence/defence-commission/>

After a several-months-long hiatus, the Swedish Parliament has now also re-awakened to the opportunities and potential problems that PeSCo and the different European initiatives for enhanced defence cooperation may generate for Sweden. The drawn-out process after the September 2018 elections, that resulted in January 2019 in the formation of a new government, came at a particularly inopportune time, but since the new Swedish government is led by the coalition that governed the country between 2014 and 2018, much of the work can continue without any major shifts and turns.⁸⁷ What is relevant for the Swedish engagement with PeSCo is that both Foreign Minister Margot Wallström and Defence Minister Peter Hultqvist have been granted a second term in office, and that the Minister for EU Affairs, Hans Dahlgren was previously State Secretary for European and International Affairs to the Prime Minister. Looking ahead, "*tvära kast*", that is "abrupt changes" in the Swedish political priorities within PeSCo and the EDF are not to be expected.

Sweden's civilian and military support for EU crisis management operations will continue to be a priority within the PeSCo framework, but the extent of Sweden's participation will be determined by the resources made available to international missions. Most likely, Swedish troop engagement will be reduced as the primary focus is now the territorial defence and, for that purpose, also the achievement of increased interoperability, enhanced defence industrial cooperation and political consultations in Northern Europe, in partnership with NATO. The extent to which the Franco-German tandem will, against this background, turn into Sweden's defence partners of choice will be determined by the practical added value that both can generate for the Swedish Armed Forces in the North. The study visits by the Swedish Parliamentary Defence Commission to Brussels,⁸⁸ Berlin⁸⁹, Paris⁹⁰ and London⁹¹ in the recent weeks and months, make clear that the Swedish interest in closer cooperation with the large non-Nordic EU partners is not only

⁸⁷ Government Offices of Sweden (2019) Sweden's New Government, 21 January, at <https://www.government.se/press-releases/2019/01/swedens-new-government/>

⁸⁸ See, e.g. <https://twitter.com/DanielFiott/status/1097925518421356546> and <https://twitter.com/kessontommy/status/1098230315175366656>

⁸⁹ See, e.g. <https://twitter.com/kessontommy/status/1063471768734785536>

⁹⁰ See, e.g. <https://twitter.com/PhilippeMichelK/status/1097502038085246977> and <https://twitter.com/kessontommy/status/1097757355822014464>

⁹¹ See e.g. <https://twitter.com/kessontommy/status/1098659374162157568> and <https://twitter.com/AngusLapsleyFCO/status/1098877890953916416>

growing, but that the need to understand the basics of PeSCo, and to formulate more clearly how Sweden's interests can best be protected and promoted together with - or in relation to - France and Germany, is also recognised by Swedish decision-makers.

The renewed sense of urgency in figuring out where Sweden stands in European defence cooperation stems not just from the rapid pace at which PeSCo has developed, or from the deteriorating security situation in Sweden's immediate geographic neighbourhood, but also from the fact that preparations for Brexit have highlighted the interdependent nature of the Swedish and British industry which will require an adjustment of strategies and priorities in Sweden, if not a certain reorientation to handle the altered commercial *and* security conditions under which the defence industrial partnerships have been developing since 2014. In this regard, the Nordic defence cooperation can come to play a bigger role. After numerous mutual disappointments at failed attempts of joint procurement plans, a renewed effort is underway to increase cost-efficiency across the Nordic space and to increase the Nordic industry's position as a cluster to reckon with.

The Swedish Chairmanship of the EU in the first half of 2023 sets an additional timeframe within which a Swedish agenda towards PeSCo's further development will be clarified and concrete objectives and ambitions will have to be defined. As regards the defence industrial policy at the EU level, Swedish priorities will have to be coordinated with Spain which will take over the EU Presidency in the second half of 2023. For the time being, the UK, the USA and the Nordic neighbours will remain the primary partners and key reference points for Sweden on defence, but there certainly is room for EU partners to step in - as long as they offer real added value at a moderate cost for Sweden. ■

#38

Policy Paper

PeSCo: THE SWEDISH PERSPECTIVE

BY

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March 2019

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The Armament Industry European Research Group (Ares Group) was created in 2016 by The French Institute for International and Strategic Affairs (Iris), who coordinates the Group. The aim of the Ares Group, a high-level network of security and defence specialists across Europe, is to provide a forum to the European armament community, bringing together top defence industrial policy specialists, to encourage fresh strategic thinking in the field, develop innovative policy proposals and conduct studies for public and private actors.

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