Civil Defence Research Programme

Economic Defence
– From Cold War Strategies to Post-Invasion Awakenings

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In a world characterised by uncertainty and insecurity, fundamental matters of autonomy and resilience have become a strategic focus of countries around the world. The consequences of war, climate change, technological disruption, hybrid warfare and a general sense that everything can be – and is – weaponised, have caused a trend to see economic and security interests as more interwoven. This report takes a closer look at this ongoing interweaving from both a national perspective, by looking at the Swedish case, and a European perspective, focusing on the EU's strategy to enhance economic security. The purpose is two-fold: To present the historical roots of "economic defence" in Sweden, and to address how current policy developments (national and EU) are related to each other.

Searching for new tools to address rising geo-economic tensions and vulnerabilities, the world has recently seen an increasing number of strategies focused on matters of autonomy, economic security or supply preparedness – concepts that seemingly overlap in terms of meaning and strategic underpinnings. Yet, there are variations to consider. In Europe, strategies are being developed both nationally and in Brussels by the European Commission. Thus, as both individual member states and the EU has stepped on the gas in regard to matters of economic security, new questions have arisen on the horizon of preparedness planning:

Which measures are best handled nationally and which actions are better enforced on a union level? How do we avoid institutional overload when public actors, and to some extent even private, are tasked with ever-more analytical work, such as identifying critical assets, vital goods, or supply chains? How do we achieve the right balance between an open European economy and the need for long-term protection of crucial resources?

These are complex questions that will demand strategic attention for years to come. This report outlines some of the considerations involved, focusing on the three related concepts of economic defence, supply preparedness and economic security. Drawing on past as well as present experiences, the report consists of three parts, focusing first on the Swedish concept of *economic defence* as it was developed during the Cold War, second on Sweden's emerging new model for *supply preparedness*, and third, on the concept of *economic security* in a European context. The final section summarises key findings and conclusions.[1]

Sweden's economic defence during the Cold War

Sweden's previous supply preparedness model, developed within the framework of total defence, was considered a vital part of the nation's defence and security policy. Reflecting this position, supply preparedness was generally referred to as "economic defence." In order to ensure that Sweden's total defence was credible and deterrent, it was considered crucial that the country's supply capability did not constitute a weak link, inviting enemies to exert pressure and threats. As was commonly stated, it was simply a matter of preventing the country from getting into a "dependent relationship with a foreign power that could be exploited to demand political or military favours."[2] As will be further discussed below,

1 This text builds in part on the author's report on the concept of strategic autonomy, published in Swedish in 2022; Jenny Ingemarsdotter (2022), *Strategisk autonomi: Om EU:s uppbyggnad av försörjningsberedskap ur ett svenskt totalförsvarsperspektiv*, FOI-R--5338--SE.

2 SOU 1972:4, *Säkerhets- och försvarspolitiken: Betänkande avgivet av 1970 års försvarsutredning*, p. 112.

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this strategic understanding of economic defence thus made the concept rather broader than "supply preparedness" (a term that was nevertheless also used).

Preserving the country's autonomy thus constituted one fundamental motivation behind the efforts of building a solid economic defence. Bearing in mind experiences from the First World War, when Sweden experienced food shortages and trade disruptions, there were also humanitarian considerations.[3] As was evident from the so-called potato riots in Stockholm in 1917, suffering among the civilian population could arise even if Sweden was not directly involved in the war. A state inquiry carried out at the time concluded that the destructive force of modern warfare, affecting civilians as well as the economy, required a defence involving the whole of society, including not least the business sector. The first agency devoted to economic defence was established in 1928 (the National Swedish Commission of Economic Defence).[4]

By the Second World War, the lessons from the First seemed only to be confirmed. The concept of "total defence" now appears in Swedish defence discussions, an approach that would ensure the nation's military as well as civilian endurance and readiness. In the following decades, Sweden would devote considerable resources to the building of a comprehensive total defence model, built on the four pillars of military defence, civil defence, psychological defence and economic defence.[5] A strong economic defence was considered key to the functionality of the total defence as a whole. This strategic raison d'être of economic defence was reflected materially through storage of various types of goods (including supplies vital for the population and certain types of strategic input materials). Around 800 warehouses containing everything from process chemicals for water purification to synthetic rubber, soap, dry-cell batteries, machines, spare parts and tools, were set up across the country.[6]

War was not the only threat scenario considered in this context. Economic defence planners also discussed how Sweden, as a small import-dependent country, could handle scenarios of economic warfare, involving, for example, refusal to deal with Swedish goods or halts in deliveries of components or spare parts to the industry.[7] Concerns were moreover raised with regard to potential indirect effects of various types of international conflicts and trade disruptions, of which the oil crisis 1973-74 was an example.[8] The oil crisis even gave rise to the formulation of a new threat scenario – the peacetime crisis.[9] In order to strengthen the country's preparedness for such crises, significant additional funds were allocated to economic defence during the late 1970s. These funds were used primarily for increased oil storage and to a lesser extent stockpiling of various types of strategic goods (such as certain alloy metals).[10]

Stockpiling was only one of many tasks of Sweden's economic defence. In addition to this material readiness, economic defence also developed a variety of capabilities, including management in crisis; cooperation and exercises with the private sector; protection of operations and critical infrastructure; repair readiness; preparations for production conversion; among other things.[11] The conclusion that these activities needed to be organised at a national level was drawn already in the 1920s as described above. Between 1962 and 1986, the coordinating agency was called the National Swedish Board of Economic Defence (ÖEF).[12] Acting as a central hub for economic defence planning, this agency

3 Jenny Ingemarsdotter & Camilla Eriksson (2023), "'Vi får klara oss själva': Hotbild och självbild i den svenska försörjningsberedskapen 1962–2002", *Scandia* 89:1, p. 68-97.

4 In Swedish, Rikskommissionen för ekonomisk försvarsberedskap. See Christoffer Wedebrand & Jenny Ingemarsdotter (2021), *Försörjningsberedskap på central nivå, åren 1915-1947*, FOI-R--5172--SE.

5 Jenny Ingemarsdotter (2023), *Civilt försvar: Vad och varför*, FOI Memo 8105. The terms describing the civilian parts of total defence were, in Swedish, *civilförsvar*, *psykologiskt försvar* and *ekonomiskt försvar*.

6 ÖEF, *Det ekonomiska försvaret*, 1976:3–4, p. 4; ÖEF (1970), "Vårt ekonomiska försvar i blickpunkten", p. 20.

7 Gunnar Olsson (1977), *Folkförsörjningen under kriser och krig,* Försvar i nutid, nr. 6, p. 32.

8 Camilla Eriksson & Jenny Ingemarsdotter, "Bergkunskap i totalförsvarets tjänst: Om skifferoljans och bergrumslagringens betydelse för Sveriges beredskap," *Geografiska Notiser* 2019:77.

9 The peacetime crisis (*fredskris*) was defined as a situation in which "normal peacetime standards cannot be maintained in production, employment, exports and consumption due to the loss of imports of one or more strategic goods without there being war or danger of war in our neighbourhood." Prop. 1976/77:74, *Inriktningen av säkerhetspolitiken och totalförsvarets fortsatta utveckling*, p. 51.

10 Ibid., p. 2.

11 Ann-Sofie Stenérus Dover & Jenny Ingemarsdotter (2021), *Nationell försörjningsberedskap: FOI:s analys av försörjningsberedskapen som svar på regeringsuppdrag Ju2020/02565/SSK, Ju2018/05358/SSK*, FOI-R--5174--SE.

12 In Swedish, this agency was originally called *Överstyrelsen för ekonomisk försvarsberedskap* (National Swedish Board of Economic Defence Readiness), from 1962–1969, and then shortened, in 1969, to Överstyrelsen för ekonomiskt försvar (National Swedish Board of Economic Defence), until it was dissolved, in 1986.

also formulated general goals, as in this example from the 1970s, adopted in the 1977 defence bill:

> In the event that we become wholly or partly dependent on our own supply resources, the economic defence shall secure supplies for the Swedish society according to an adjusted standard of living. The availability of indispensable supplies and services shall be ensured by maintaining a well-balanced readiness between different areas of supply.[13]

The emphasis on "well-balanced readiness" was based on the assumption that Sweden's economic defence would only be as strong as its weakest link. The areas of supply referred to commonly included energy, food, transports, foreign trade, supply of industrial goods, labour and other services (such as banking, insurance and postal service).

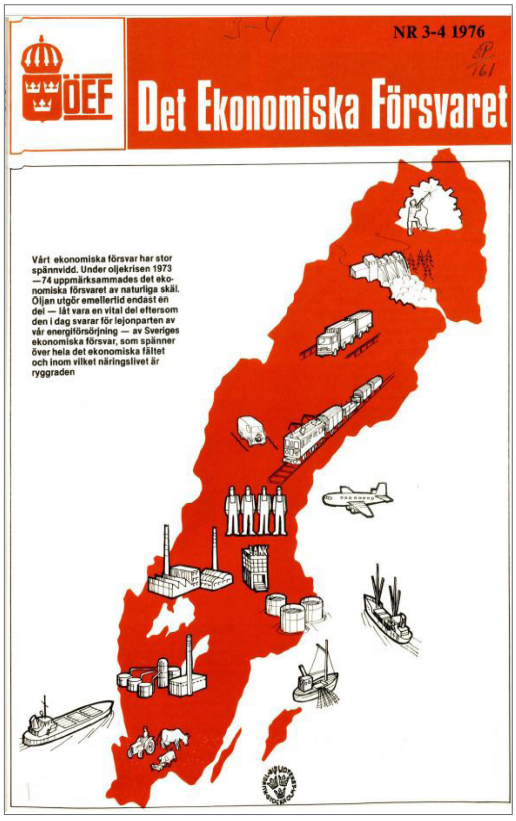

Figure 1. Front page of the magazine *Economic Defence* (nr. 3-4, 1976), published by the National Swedish Board of Economic Defence (ÖEF).

Economic defence was described in slightly different ways over time, but a common thread involved the role of the business community as a base for Sweden's prosperity and livelihood (figure 1).[14] In information brochures about Sweden's total defence, economic defence was sometimes described simply as "a collective term for how the business community should adapt to changing conditions in crises and war."[15] Enterprises considered especially important for the war effort were known as "K" companies" (the Swedish word for war begins with "k"). By the end of the 1970s around 20 000 businesses had been assigned as such K companies. They were expected to continue operating in times of crisis or war, adapting their production if necessary (to the needs of total defence).[16] In the area of trade, collaboration between the business sector and the state also took place via the National Board of Trade (*Kommerskollegium*). The goal was to find ways to enable foreign trade to continue operating for as long as possible during times of crisis or war.[17]

Often, the concept of economic defence was used synonymously with the term supply preparedness. However, as explained in the 1982 defence bill economic defence referred more specifically to the "complementary contingency measures" needed to ensure Sweden's supply capability.[18] One reason why the concept of economic defence was considered appropriate was that the word *defence* signalled that this was an important and natural part of the total defence model. However, the concept of economic defence was discontinued in 1986 when the civilian part of total defence was instead divided into so-called functions, reflecting around twenty important sectors in society.[19]

The division into functions made economic defence as a concept suddenly invisible compared to the previous order. Nevertheless, for more than ten years, ÖEF:s successor, the National Swedish Board of Civil Preparedness (ÖCB) continued the practical work on supply preparedness, particularly in the industrial sector focusing on areas such as paper, rubber, plastics, paint, glass, medical supplies, chemicals and metals. However,

13 ÖEF (1981), *Vår försörjningsberedskap inför kriser och krig*; Prop 1976–77:74, p. 158 (translated from Swedish).

14 Jenny Ingemarsdotter, Anna Sparf, Linda Karlsson & Jenny Lundén (2018), *Näringslivets roll i totalförsvaret – centrala frågor och vägar framåt*, FOI-R--4649--SE.

15 Försvarsstabens informationsavdelning (1978), *Militära fakta 1978/79*.

16 Ibid. See also Jenny Ingemarsdotter & Jenny Lundén (2019), *Who delivers if war breaks out? – On the business sector, security of supply and the future total defence*, FOI Memo 6865.

17 Bo G. Hall (1994), *Hur styrs utrikeshandeln i kris och krig?*, Försvar i nutid, nr. 6.

18 Prop. 1981/82:102, *Bilaga 3: Handelsdepartementet*, pp. 1-2.

19 Stenérus Dover & Ingemarsdotter (2021), *Nationell försörjningsberedskap*.

such supply preparedness was at the same time increasingly contested. Following Sweden's entry into the EU in 1995, a series of decisions were taken that entailed the dismantling of the country's supply preparedness. The last storages were emptied in December of 2002.[20]

The turn of the millennium thus constituted a turning point in terms of which threats were considered relevant. The existential threats to the country's sovereignty and livelihood were now considered overplayed and instead the government listed various types of "severe stresses" in peacetime.[21] At the same time, the rhetoric in the 1990s on outdated war threats created a forgetfulness about other scenarios that the state had previously devoted considerable resources to managing, such as economic warfare and various types of peacetime supply crises. Also forgotten was the strategic understanding of economic defence as the material base of the country's security policy.[22]

Common to all scenarios during the Cold War was the unsettling realisation that Sweden, as a small export-dependent and high-tech country, seemed to be increasingly vulnerable to disruptions. The dilemma at the time was how to compensate and balance these increasing vulnerabilities without hampering Sweden's economic development. The paradox, often repeated by the National Board of Economic Defence (ÖEF), was that the very development that made Sweden richer also made the country more vulnerable. Increased efficiency, foreign dependencies and declining inventories in the private sector were all considered driving factors in regard to rising vulnerabilities. But protectionism, or "resisting development," was not considered the way forward.[23] Instead, as was commonly argued in the 1970s and -80s, economic defence must become more effective, constantly developing its toolbox.

While the development of the economic defence toolbox came to a halt at the turn of the millennium, this break did not last very long. Following Russia's illegal annexation of Crimea in 2014, the Swedish defence bill of 2015 stated that total defence planning was to be resumed. Since then a number of studies and inquires have been conducted regarding how to restart, or more accurately, how to create a new model for national supply preparedness.

An Emerging New Model

In 2017, the Swedish Defence Commission presented a number of proposals regarding the total defence concept and the need to restart civil defence planning.[24] The commission especially highlighted the importance of supply preparedness, arguing that securing necessary access to food, water, energy and pharmaceuticals is crucial for the total defence capability in a severe crisis or war. The conclusion of the commission on this issue was simple, yet also daunting: "Sweden has to secure access to critical resources."[25] The key question, *how*, prompted a wave of studies and state inquires on the topic of supply preparedness. Looking to history for answers constituted one option, but it was obvious that history could not provide all answers due to the radical changes Swedish society had undergone since the Cold War. Commonly listed factors in this context were Sweden's membership in the European Union as well as processes of digitalisation, privatisation and globalisation. Yet, history did in the end play a role, as we shall see, in the forthcoming proposals for a new model of supply preparedness.

In the 2020 bill on total defence, a new goal for the civil defence was formulated in terms of a number of capabilities, of which one was the capability to "maintain necessary supplies".[26] This formal reinstatement of supply preparedness as a capability of Swedish total defence thus confirmed at the highest level that the comeback of supply issues was real and here to stay. Yet the bill also recognised the complexity of the task: "Questions of responsibility and methods for achieving security of supply, such as public or private storage and manufacturing preparedness, are important and

20 Prop. 2001/02:10, *Fortsatt förnyelse*, p. 172; Stenérus Dover & Ingemarsdotter (2021), *Nationell försörjningsberedskap*, pp. 27–28.

21 Prop. 1996/97:11. On the changing threat and risk outlook in the 1990s and the expanded threat landscape of civilian defence, see Wilhelm Agrell (2016), *Det säkra landet? Svensk försvars- och säkerhetspolitik från ett kallt krig till ett annat*, p. 151–159; Eriksson et al. (2020), *Kunskap för beredskap*, p. 37–39.

22 Jenny Ingemarsdotter & Daniel K. Jonsson (2023), *Om kriget (inte) kommer*, FOI-R--5472--SE. See also ÖEF, *Det ekonomiska försvaret*, nr 3-4, 1972, p. 2.

23 ÖEF, *Det ekonomiska försvaret*, nr. 1–2, 1970, p. 11.

24 Försvarsberedningen (2017), "Resilience: The total defence concept and the development of civil defence 2021-2025 (Motståndskraft)".

25 Ibid, p. 5.

26 Regeringskansliet (2020), *Total defence 2021–2025: Main elements of the Government bill Totalförsvaret 2021–2025*; Prop. 2020/21:30, *Totalförsvaret 2021–2025.*

complex questions that need to be analysed and further investigated in the coming years."[27] In order to seek answers to these questions, the Government gave a commission of inquiry the task of proposing a new model for a nationally coordinated supply preparedness system (to be further discussed below).[28]

As a first step, the Government commissioned the Swedish Defence Research Agency (FOI) to analyse certain general issues of national supply preparedness.[29] Based on a broad historical and international survey of past and present solutions, FOI:s resulting study presented a catalogue of tasks that a coordinating agency devoted to supply preparedness could potentially take on.[30] To begin with, the study noted that the concept of supply preparedness, as it had been discussed in Sweden since 2015, appeared limited compared to the country's previous comprehensive economic defence model. Especially during the coronavirus pandemic, supply preparedness came to be associated with the vital needs of the population, such as supply of food and medicines, whereas economic defence (as part of Sweden's previous total defence) comprised an even broader scope, involving, for instance, the supply of strategic industrial goods.[31] As also noted in this study, economic defence was during the Cold War seen as an important part of Sweden's security policy, contributing to the goal of deterrence. When mapping the tasks of previous coordinating supply agencies, the study moreover noted that the collaboration between public and private actors was built on a sophisticated planning system that involved trade considerations as well as stockpiling and plans to redirect industry production.

The importance of trade and the private sector has been the focus of much recent analytical attention, and the political will is clear. The 2020 defence bill stated that the involvement of the private business community in the planning process should be increased and moreover that "supply preparedness should be able to safeguard as far as possible the flows in the supply chains during peacetime crises, heightened alert and ultimately war."[32] To this end, the Swedish Civil Contingencies Agency (MSB) initiated a number of collaborative projects with the private sector, developing guidelines and inviting companies to work together with the state on supply preparedness matters.[33]

Lacking a national structure or model for supply preparedness, individual actors, whether public or private, nevertheless continued to struggle to understand their role in relation to other actors as well as in relation to the general goals. An important step towards clarifying these issues was taken in September 2021 when the Government set up the above-mentioned commission of inquiry to look into what a nationally coordinated supply preparedness model should comprise and how it should be organised.[34] About two years later, in August 2023, the commission delivered its report, *A Model for Swedish Supply Preparedness,* to the Minister of Civil Defence, Carl-Oskar Bohlin.[35] This extensive report laid out several suggestions for the organisation of such a model.

As a starting point, the inquiry noted the importance to Sweden, as a trade-dependent country, of functioning global supply chains: "Even when disruptions occur, it is vital to enable trade to continue operating for as long as possible."[36] Yet, as was also noted, in the event of severe disruptions, trade may not be sufficient to counter deficiencies; in such situations, society needs to be prepared by other means, such as stockpiling or plans for production conversion. As one of the main tasks of a coordinating state function for supply preparedness, the commission suggested the compilation of a national supply analysis concerning Sweden's needs of vital goods and services in a severe crisis. The work would be coordinated by the Swedish Civil Contingencies

27 Ibid.

28 *Kommittédirektiv: Nationell samordning av försörjningsberedskapen, Dir. 2021:65*.

29 Regeringen (2020), *Regeringsbeslut II:3, Uppdrag till Totalförsvarets forskningsinstitut at analysera frågor avseende nationell försörjningsberedskap, Ju2020/02565/SSK, Ju2018/05358/SSK*.

30 Stenérus Dover & Ingemarsdotter (2021), *Nationell försörjningsberedskap*

31 Ibid. Ironically, industrial preparedness also used to involve various health care products – a type of preparedness that would not have been seen as obsolete during the coronavirus pandemic.

32 Regeringskansliet (2020), *Total defence 2021–2025*; Prop. 2020/21:30, *Totalförsvaret 2021–2025.*

33 See MSB, "Beredskap för företag", *https://www.msb.se/sv/amnesomraden/krisberedskap--civilt-forsvar/beredskap-for-foretag/*, retrieved 2023-11-15.

34 *Kommittédirektiv: Nationell samordning av försörjningsberedskapen, Dir. 2021:65*.

35 Regeringen (2023), *https://www.regeringen.se/pressmeddelanden/2023/08/carl-oskar-bohlin-tog-emot-betankande-om-nationell-samordning-av-forsorjningsberedskapen/*, retrieved 2023-11-15.

36 SOU 2023:50, *En modell för svensk försörjningsberedskap*, p. 25.

Agency and organised based on the sectoral division of civil defence established in 2022.[37]

The point of departure in the sectorial division created, however, certain gaps in terms of responsibilities. One such gap is trade, which is not considered a sector per se. Yet, as suggested by the inquiry, the Government should nevertheless appoint the National Board of Trade as the agency responsible for analysing and identifying measures that could mitigate trade disruptions (thus resuming a task that this agency had historically). Another gap in relation to the sectoral division concerns industrial goods not covered by any specific sector. Recalling that the previous economic defence included a function labelled Other goods (later Supply of industrial goods), the inquiry proposed that the Swedish Civil Contingencies Agency could conduct the analysis of such goods. The proposed model of supply analyses is intended to inform decisions leading to suitable measures, such as stockpiling, preparations for conversion of production, state requisitions, prioritisation of companies and crisis trade agreements.[38] These kinds of measures constituted the basic components also of the previous economic defence toolbox.[39]

Looking ahead, various tools and measures will ultimately have to be tried and tested. While some kind of supply analysis will play an important role in this work, new administrative demands will also have to be considered in a larger context of similar processes (identifying things as critical, sensitive or vulnerable).[40] Getting stuck in a list-making phase is arguably not in the best interest of supply preparedness. Yet, when looking back in the context of total defence more generally, a lot has happened since 2015 when planning was resumed. In a joint assessment of total defence capabilities published in September 2023, the Swedish Civil Contingencies Agency and the Swedish Armed Forces point out several mile stones, such as the new preparedness structure for civil defence, an increase in defence spending, the establishment of new goals and Sweden's application for membership in NATO.[41] With regard to supply preparedness, the joint assessment lists five crucial capabilities that need to be considered, namely the ability to maintain trade, to stockpile, to redirect production, to protect supply capabilities and to distribute goods and services. This division provides in itself another way of explaining what supply preparedness actually is – beyond concepts and structures, it has to do with capabilities.

Naturally, the building of national supply preparedness is a long-term process, which will require conceptual as well as practical adjustments along the road. With regard to the concepts involved, the Swedish Civil Contingencies Agency has suggested that supply preparedness should be defined as "the ability, in crisis and war situations, to maintain the supply of goods and services necessary for survival of the population, to ensure societally critical activities and to contribute to the capability of the military defence."[42] A related question concerns the standing of the concept of economic defence, which in Sweden's previous total defence involved broad security policy perspectives, not unlike EU's new strategy for economic security (to be discussed further below).

In December 2023, the Swedish Defence Commission released a new report on civil defence, which included a chapter on economic defence.[43] As recalled by the Commission, the scope of Sweden's old economic defence was indeed broad and featured goals of financial stability, the functionality of the private sector and the continuation, to the extent possible, of foreign trade. Arguing that Sweden needs to revive this kind of economic defence, the Commission proposes the reinstatement of an updated model of K-companies, designated companies important for the war effort, as well as resumed preparedness planning for the areas of trade and industry to secure the supply of strategic goods. The Commission clearly understands the concept of economic defence as broad and overarching,

37 The sectors proposed to conduct supply analyses are electronic communications, energy, financial services, medical care, food supply and transportation.

38 SOU 2023:50, pp. 250-252.

39 Exactly which proposals will be realised remains to be seen; the report *A Model for Swedish Supply Preparedness* (SOU 2023:50) will now be subject to a standard consultative procedure.

40 Another example is the Swedish system of Risk and Vulnerability Assessments (mandatory for all state authorities, counties, and municipalities to carry out).

41 MSB & Försvarsmakten (2023), *Krigets krav: En samlad bedömning av förmågan inom totalförsvaret*.

42 MSB (2022), *Civilt försvar mot 2030 – ett totalförsvar i balans. Slutredovisning av regeringsuppdrag (Ju2022/01209/SSK)*, p. 54. See also FOI's 2019 study of emergency stockpiling, Ann-Sofie Stenérus Dover, Anders Odell, Per Larsson & Johan Lindgren (2019), *Beredskapslagring – En kunskapsöversikt om beredskapslagring som ett verktyg för ökad f*örsörjningsberedskap i Sverige, FOI-R--4644--SE, p. 13.

43 Försvarsberedningen (2023), *Kraftsamling: Inriktningen av totalförsvaret och utformningen av det civila försvaret (Ds 2023:34)*, p. 153 - 176.

encompassing as central components supply preparedness as well as transportation and financial stability.[44] It describes supply preparedness in turn in terms of those activities in crisis and war meant to secure necessary supplies of goods and services (as defined by the Swedish Civil Contingencies Agency, quoted above), with an added note that support for military defence includes support for allied forces operating on Swedish territory.[45] In light of the war in Ukraine and the deteriorating security situation in Sweden's vicinity, the Defence Commission report of 2023 stresses above all the urgency of implementing proposed measures.

Meanwhile, in an effort to speed up the processes of implementation, the Government has issued a number of specific assignments to various agencies, which often concern different types of mapping of strategic products or inputs.[46] Thus, the Swedish brochure, *If crisis or war comes* (distributed to all Swedish households in 2018) is no longer the only place where one can find various checklists of things that are good to have at home. Such list-making efforts, seeking to establish what should be considered strategic, critical, sensitive, or important, and, in the next step, how it should be protected, are currently being carried out not only at the national Swedish level, but also at the level of the European Union.

Towards Economic Security – The European Context

When Sweden became a member of the EU in 1995, two very different positions came head to head in the area of supply preparedness. Sweden had for several decades built up a very extensive economic defence as part of its total defence, while security of supply was not on the EU's agenda at all. As Swedish civil defence authorities noted at the time, there were even EU rules that seemed to hinder the maintenance of a national supply preparedness, an interpretation not shared by Finland, however.[47] The question of the future of Sweden's supply preparedness finally became a moot point when in 2001 the Government decided that national contingency measures in the area of supply were no longer necessary, as the EU market would be "Sweden's relevant area of supply."[48]

Having joined a large European market with a free flow of goods, the assumption was that Sweden's vulnerability to supply-related disruptions had decreased sharply. Still, from a contingency perspective the supply situation in the 1990s had not improved in all areas. As some Swedish experts pointed out, the EU was in turn a net importer of numerous goods, such as oils, ammonia, strategic metals, pharmaceutical substances and aircraft spare parts.[49] If a shortage of such goods were to arise, the entire EU could run into supply problems. This risk was not at the heart of the EU's interests at the time. In recent years, however, following not least the experience of the coronavirus pandemic as well as Russia's full-scale invasion of Ukraine in 2022, interest in supply issues and asymmetric trade dependencies have increased. In March 2022, the Vice-President of the European Commission, Josep Borrell, stated that the war against Ukraine has made it clear "that we live in a world shaped by raw power politics, where everything is weaponised". By Borrell's conclusion, the EU must now transform this geopolitical awakening into "a more permanent strategic posture."[50]

An important component in the development of this strategic posture concerns security of supply and related policy developments linked to the EU's objective of achieving strategic autonomy in various areas, including industry and trade. For example, the EU's industrial strategy states that strategic autonomy is

44 Ibid., p. 153.

45 Ibid., p. 177.

46 For example, Sweden's National Board of Health and Welfare (Socialstyrelsen) has been commissioned to identify and compile the need for critical drugs; the Swedish Transport Administration (Trafikverket) will identify strategic inputs necessary for the operation of state roads and railways; among other things.

47 ÖCB (1991), *Svenskt medlemskap i EG: Konsekvenser för försörjningsberedskapen*; ÖCB (1998), *Kontrollstation 1999: Vissa försörjningsberedskapsfrågor*, p. 29.

48 Prop. 2001/02:10, *Fortsatt förnyelse av totalförsvaret*, p. 177. See also Stenérus Dover & Ingemarsdotter (2021), *Nationell försörjningsberedskap*, pp. 27–28.

49 ÖCB (1998), *Kontrollstation 1999*, p. 3.

50 European Union (2022), *A Strategic Compass for Security and Defence*, p. 4.

about reducing dependence on others for things we need the most.[51] A concern raised by several member states, including Sweden, has been that the ambition of increased strategic autonomy could lead to protectionist tendencies.[52] At the same time, the major crises and cross-border threats of recent years, from the pandemic and climate threats to hybrid warfare and now a war of aggression in the EU's immediate vicinity, have created a greater consensus that the EU must somehow reconsider its position in an increasingly conflict-ridden world.[53] As outlined in the *Strategic Compass,* the EU's action plan for strengthening European security and defence policy, it will be crucial for the EU to reduce its strategic dependencies and decrease the vulnerability of its supply chains.[54]

The *Strategic Compass* was published in March 2022 and is clearly marked by a sense of determination as a result of Russia's invasion of Ukraine the previous month. Among other things, it states that "[t]he essence of what the EU did in reacting to Russia's invasion was to unite and use the full range of EU policies and levers as instruments of power."[55] Taking stock of this range of EU instruments of power involves navigating an evolving landscape of abbreviations such as CER (the directive on the resilience of critical entities), NIS2 (the second directive on security of Network and Information Systems) and SMEI (Single Market Emergency Instrument). While strategic autonomy to some extent has worked as a unifying idea, this concept has also been criticised for being unclear and obscuring conflicting objectives.[56] In particular, it has been pointed out that EU needs to identify with greater precision what is critical and how this can be disrupted, and what actually constitutes a strategic dependence.[57]

One step towards increased clarity on this point is the above-mentioned directive on critical entities resilience, by which each member state shall identify so called critical entities that provide services in a number of important areas (adopted in December 2022).[58] An even more comprehensive approach was presented by the European Commission in June 2023 when a new strategy to enhance European economic security was launched.[59] Explaining the need for such a strategy, the Commission argues that the negative developments of recent years have shown that certain economic flows and activities can present a risk to our security: "More than ever, our security is deeply intertwined with our ability to make ourselves more resilient and reduce the risks arising from economic linkages that in past decades we viewed as benign."[60] Four categories of risks are identified, namely risks to the resilience of supply chains, risks to the physical and cyber-security of critical infrastructure, risks related to technology security and technology leakage and risk of weaponisation of economic dependencies or economic coercion.[61]

As a starting point, the strategy also acknowledges that tensions do exist between economic security and an open economy.[62] Achieving this balance will depend on three priorities as stated by the strategy: "(1) promoting our own competitiveness; (2) protecting ourselves from economic security risks; and (3) partnering with the broadest possible range of countries who share our

51 European Commission, *A New Industrial Strategy for Europe*, COM(2020) 102 final, 10 March 2020. Examples of such things according to the strategy are "critical materials and technologies, food, infrastructure, security and other strategic areas." (p. 13). A starting point for the introduction of strategic autonomy that is usually mentioned is the British-French St. Malo Declaration (1998), which discussed the EU's need to be able to make decisions and act with autonomy in the event of international crises. See Jakob Lewander (ed.), (2021), *Strategic Autonomy – Views from the North*, SIEPS 2021:1op, p. 8

52 For an overview of the debate, see Ingemarsdotter (2022), *Strategisk autonomi*.

53 Calle Håkansson (2021), "European Strategic Autonomy – Engaged, Drawing Red Lines: A View from Stockholm" i Jakob Lewander (ed.), *Strategic Autonomy – Views from the North: Perspectives on the EU in the World of the 21st Century.*

54 European Union (2022), *A Strategic Compass for Security and Defence*, p. 43.

55 Ibid., p. 4. See also Alina Engström & Emelie Thorburn (2022), *Kompassen, kriget och konsekvenserna för EU som säkerhetspolitisk aktör*, FOI Memo 7909.

56 Tobias Gehrke (2021), "Threading the trade needle on Open Strategic Autonomy," in Helwig (ed.), (2021), p. 91. See also Kommerskollegium (2021), *An EU Trade Policy for Geopolitical Ends – Clashing perspectives and policy recommendations.*

57 Ibid., p. 102.

58 European Union (2022), *Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC*.

59 European Commission, *Joint communication to the European Parliament, the European Council and the Council on "European Economic Security Strategy"*, JOIN(2023) 20 final.

60 Ibid., p. 1.

61 Ibid., pp. 4-5.

62 Ibid., p. 2.

concerns or interests on economic security."[63] On the last point, the strategy notes that the EU is not alone in this process. Acknowledging an increase in strategies dedicated to economic security, the Commission concludes that this trend "reflects the fact that only by completing traditional approaches to national security with new measures to safeguard our economic security can we ensure our prosperity, sovereignty and safety in the current age."[64] With respect to the implementation of measures, the strategy moreover proposes the guiding principles of proportionality and precision, referring in the first case to the proportionality of measures in relation to the level of risk, and in the second case to precision in terms of which goods, sectors or core industries are targeted.

In short, the strategy proposes a number of ways to achieve the goals of economic security and resilience. Many of these measures involve tools already in place (such as the Foreign Direct Investment screening and export controls), others will require the deployment of new instruments (such as the EU anti-coercion instrument). What can also be surmised in regard to the measures underpinning EU's new strategy for economic security is that they represent a rather broad and mixed toolbox, ranging from investments in EU competitiveness to 5G/6G security. While admitting that the goal of achieving economic security involves challenges, the strategy also argues that the alternative to an EU approach to economic security "is that our partners will pick and choose alliances, while less well-intentioned players will seek to divide and conquer."[65] Hence, as a final point, the strategy concludes that a common and coordinated EU action across policies, through cooperation between the EU and the Member States, is essential for the Union's economic security.

The Swedish Government has welcomed the strategy's "balanced approach" for better protection of shared values and interests, while also emphasising the importance of avoiding negative effects on the openness and free trade that Swedish prosperity is dependent upon.[66] This response follows a pattern of caution in regard to what is seen as a potentially harmful mixing of economic and security interests. However, a return to an order in which trade and industry policy is separated from geopolitical considerations seems unlikely at the moment. When Christine Lagarde, president of the European Central Bank, visited Washington, D.C., in April 2022, she concluded that "in a post-invasion world, it has become increasingly untenable to isolate trade from universal values such as respect for international law and human rights."[67] In her speech, she identified three trends in the development of global trade, namely shifts from dependencies to diversification, from efficiency to security, and from globalisation to regionalisation. By Lagarde's conclusion, these changes have implications for Europe, which means that also the EU in unpredictable times needs to work to make trade safer.

Figure 2. Flags, Swedish and European Union.
Foto: Shutterstock.

Analysing EU's crisis preparedness work, Swedish analyst Katarina Engberg notes that much of the discussion today deals with how the division of labour between new EU functions and the member states should be designed in practice to avoid institutional overload: "In the Union's complicated laboratories, integration in crisis preparedness is being tested, rejected and developed."[68] As discussed by civil defence experts already in the 1990s, Sweden constitutes a piece in this experimental puzzle that is not exactly the same as the other pieces. For instance, Sweden's surface area and geographical location in northern Europe makes the country highly dependent on transport, both to and within

63 Ibid., p. 2.

64 Ibid., p. 1. Another example is Japan's so-called Economic Security Promotion Act, which came into effect in 2022.

65 Ibid., p. 14.

66 Regeringskansliet (2023), *Faktapromemoria 2022/23:FPM115, En strategi för europeisk säkerhet*.

67 Christine Lagarde (2022), *A new global map: European resilience in a changing world*, Keynote speech at the Peterson Institute for International Economics, Washington, DC, 22 April 2022, *https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220422~c43af3db20.en.html*, retrieved 2023-11-15.

68 Katarina Engberg (2022), *EU:s krisberedskap och dess betydelse för Sverige*, SIEPS Mars 2022:6epa, p. 14 (translated from Swedish).

the country. On the continent, conditions are different, with shorter distances, larger populations and more land borders with neighbouring countries. As some economic defence experts noted prior to Sweden's accession to the EU in 1995, Sweden would in comparison be in a more vulnerable position if isolated during a serious security crisis.[69]

Regardless of how such risks of isolation are assessed in future, the important point remains that security analyses need to be conducted from multiple perspectives – from the local to the central; from the national to the European.

Summary and conclusions

This report has shown some of the considerations involved when goals of supply capabilities are set in the context of security and defence policies. During the Cold War, Sweden's economic defence served the fundamental purpose of ensuring the freedom to act autonomously in the face of pressures and threats. In consistence with the idea of a deterrent total defence, the strategic communication of resilience and strength was a key aspect of economic defence. Any presumptuous attacker would, best case be deterred from acts of aggression, whether militarily or economically. Worst case, such as war or a severe crisis, Sweden's economic defence would serve both humanitarian and defence purposes – by ensuring the survival of the population and by ensuring that Sweden's total defence was supplied with the necessary goods and services.

While the concept of economic defence was discontinued in Sweden in the late 1980s (due to organisational reforms of the civil defence system), the measures involved in securing a basic national supply preparedness continued until the late 1990s. Following Sweden's entrance into the EU, maintaining any kind of national supply preparedness was eventually deemed outdated. Sweden's access to supplies was now assumed to be secured by a joint European market (surrounded nonetheless by a peaceful post-Cold War-world). Some twenty years later, after a period of focus on peacetime crisis preparedness, the topic of supply preparedness reappeared on the agenda. Starting from scratch, a series of analysis commenced regarding the establishment of a modern version of national supply preparedness, now understood as the ability to maintain the supply of goods and services "in crisis and war situations".[70] As discussed in this report, this situational crisis focus was present also during the Cold War, but at the same time, the concept of economic defence involved broader considerations.

In essence, economic defence was based on a kind of strategic thinking that took into account Sweden's standing as a trade-dependent industrialised nation, reliant on a competitive business sector. Ensuring the nation's strategic autonomy and defence capabilities thus meant protecting Sweden's ability not only to maintain the supply of goods in a crisis, but also to protect and develop assets in a long-term perspective. This meant that Sweden was not opposed to free trade during the Cold War. However, economic defence experts emphasised the need for balance – protecting one's own autonomy without stifling the economic development necessary to create both wealth and security. This is exactly the same balancing act discussed today at the EU-level.

Getting the balance right is essential, as emphasised in EU's new strategy for economic security, which stresses the importance of proportionality and precision in all measures. Ensuring that economic and security interests reinforce each other is arguably not a straightforward task given, on the one hand, the positive experiences of openness in economic history and, on the other, an uncertain future's increasing demands for protection. Acknowledging the inherent tensions that exist between these goals, EU's strategy proposes a comprehensive approach to economic security based on the three priorities of promoting competitiveness, protection from economic security risks, and partnering with countries sharing European concerns with economic security.

Neither the EU's nor Sweden's proposed measures add up to finalised or complete systems. Most recently, the Swedish Defence Commission reintroduced the old Swedish total defence concept of "economic defence" in its report on civil defence (December, 2023), arguing that a robust and coherent economic defence should feature preparedness planning more broadly, including the areas of trade and industry, transportation and the financial sector. The Commission report also underlined the urgency of involving the private sector, for instance by designating companies important for the war effort (K-companies). Echoing historical solutions, albeit in a new context, the Swedish concepts of economic

69 ÖCB (1991), *Svenskt medlemskap i EG*, pp. 23, 50. See, also, Hall (1994), *Hur styrs utrikeshandeln i kris och krig?*.

70 MSB (2022), *Civilt försvar mot 2030*, p. 54. See also FOI's 2019 study of emergency stockpiling, Ann-Sofie Stenérus Dover et al (2019), *Beredskapslagring*, p. 13.

defence and supply preparedness thus appears to have come full circle.

Finally, in regard to the similar concept of economic security on the EU-level, it should be noted that this is not really a matter of different systems. As a member state, Sweden integrates the EU's various initiatives into its own legal frameworks. Nevertheless, addressing how these two levels (national and EU) of economic security relate to each other is complex but also increasingly urgent. Even if crises can temporarily instil greater unity, many questions remain about the objectives and ambitions of the EU's strategy for economic security, and more broadly, the European notion of strategic autonomy.[71] Exactly how individual member states will respond to the EU's strategies in these areas will likely depend on the extent to which new initiatives will be seen in the context of crisis and war, or from the perspective of peacetime trade and industry. That these contexts are in fact connected was an important point of departure in Sweden's previous economic defence, which emphasised the importance of a resilient and competitive business sector for endurance also in crises and wars.

As the EU, in light of a deteriorating security situation has taken an interest in similar matters, several member states have responded with scepticism, especially in relation to goals of increased strategic autonomy.[72] For Sweden, the balancing act between an open European economy and the needs of security will be a matter for further reflection – especially considering the parliamentary consensus regarding the need to protect and reinforce supply capabilities on a *national* level. Will the ongoing development of a new national supply preparedness model mean that Sweden also affirms a strengthened European autonomy, or will national preparedness be seen as decoupled from the EU's strategies and policies concerning economic security?

If civil defence can no longer be seen merely as a kind of reinforced crisis preparedness but rather as an important part of security policy, we can assume that this also has consequences for Sweden's supply preparedness. Viewed from a total defence perspective, there is today reason to consider supply preparedness in terms of an updated economic defence that exists at the national as well as European level, with associated strategic capabilities to act and to protect key resources.

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71 Ingemarsdotter (2022), *Strategisk autonomi*.

72 Ibid.

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