

Who delivers if war breaks out?

– On the business sector, security of supply and the future total defence

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The involvement of the business sector is key to the development of a comprehensive defence, including a robust security of supply system, i.e. planning for availability and distribution of food, medicine, fuel and suchlike. This was previously the primary function of what was known as the economic defence, a key element of the old total defence. The aim then was to provide for the population for a number of years in the event of the country being blockaded. Now, in the context of a reinstated total defence planning, goals and objectives for a national security of supply are discussed once again. Involving the business sector at an early stage in the development of such a security of supply system is essential. But which requirements and conditions have to be considered in this context today?

THE BUSINESS SECTOR AND SECURITY OF SUPPLY

The objectives and level of ambition for the redevelopment of a national security of supply are ultimately a political matter, largely involving offsetting costs against risks. In contrast to the crisis management system, which focuses on relatively short-term crises, discussions are now focusing on the risks of prolonged disruptions, grey zone situations between peace and war, and – ultimately – armed attack. These scenarios bring to the fore the need for a national security of supply.

The business sector plays a significant part in building a robust total defence as vital societal functions such as telecommunications and power supply, previously state-owned, are now in many cases operated by private corporations. This situation has resulted in many analyses and committee directives in the context of Sweden's renewed total defence

planning. In short, the role of the business sector in the future total defence has become a hot topic – but what is actually being said?

One fundamental challenge has to do with implementation – how the business sector can participate in practice in the development of the total defence. This may involve identifying and regulating enterprises important for the war effort, so-called 'preparedness contracts' with companies in the business sector, and possibly a central business council. Addressing some of the most common issues and proposals regarding the future role of the business sector in the total defence, this chapter focuses specifically on the challenges involved in building a robust security of supply. It also highlights the business sector's own perspectives and interest in the development of a new total defence concept.

A HISTORICAL BACKGROUND

Terms and concepts such as 'K-företag' ('enterprises important for the war effort'), preparedness planning and security of supply planning date back to the total defence that existed in Sweden throughout the Cold War. It is important to include these historical experiences when developing a new total defence concept for our present-day society: they can help us understand both the differences and the similarities between the conditions that existed then and those that exist now.

Bearing in mind experiences from the First World War, when Sweden suffered from food shortages and trade disruptions, the governments after the war drew the conclusion that the entire economy – including the business sector – had to get involved to guarantee access to strategically important products such as fuel and food in case of a future conflict. The National Swedish Commission of Economic

Defence (Rikskommissionen för ekonomisk försvarsberedskap) was established in 1928 with a view to structuring these efforts. The development of a national security of supply system continued over the decades that followed. During the Second World War, it was concluded that modern warfare would affect the civilian population and the whole of society. This required a “total defence” that would build up the endurance and mental preparedness of the population. The economic defence system would continue to play a key part in this total defence.

From the 1960s onwards, the National Swedish Board of Economic Defence (Överstyrelsen för ekonomiskt försvar, ÖEF) took responsibility for the government’s strategic stockpiling of goods that were not produced in Sweden and could be used to supplement the business sector’s own stocks. ÖEF coordinated detailed planning to meet companies’ needs in wartime of labour, raw material, energy and transport. Collaboration between the business sector and the government also took place via the National Board of Trade, working on methods to enable foreign trade to continue operating in times of crisis or war.

As part of the economic defence system, the government established contracts with selected companies. These ‘enterprises important for the war effort’, as they were known, would continue operating in times of crisis or war, sometimes with a realigned production focus. There were a number of advantages for the companies selected: their personnel was relieved from other duties within the total defence, they were given priority access to the repair of telecommunications and they were exempted from fuel and transport rationing. These selected companies had a number of tasks to perform: producing substitute goods or stockpiling strategic raw materials, for instance. Such measures came about due to concerns during the Cold War that blockades, would be imposed, and that Sweden in such a situation would risk being cut off from the outside world.

Preparedness planning and the system with ‘enterprises important for the war effort’ were phased out towards the end of the 1990s. The end of the Cold War meant that it was no longer considered necessary to maintain such an ambitious security of supply system, a relatively expensive undertaking. More specifically, the strategic stockpiles were now sold off or liquidated and the so-called preparedness contracts with companies in the business sector were terminated.

THE CARROT AND THE STICK

When the old total defence system was phased out, one thing was left intact – the legislation regulating the powers of the government. The government still has the right to control the resources of private companies in certain circumstances: for example, property, industrial plants, ships and vehicles can be utilised on behalf of the government during a heightened state of alert and war. This legislation was developed in a historical context when it was assumed that resources were available within Sweden’s borders and that companies had stocks of their own. There is a major contrast between the situation then and present conditions, with just-in-time deliveries and minimal stockholdings.

In a world of globalised supply chains, governments cannot expect resources to be available when they are needed the most – unless plans have been implemented to deal with such situations.

Efforts to strengthen Sweden’s security of supply may be based on existing legislation and regulatory frameworks, but adaptation to present circumstances may be necessary. For example, as the Swedish Defence Commission proposed in its report Resilience (Motståndskraft), demands could be made of companies to stock certain strategically vital products. Other types of requirements could involve improving the resilience and protection of vital societal functions, including information security. Of course, companies have a vested interest in developing their abilities to withstand incidents such

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as disruptions and intrusions in order to maintain production and operations. From a total defence perspective, however, a joint approach is also needed in which private and public stakeholders join forces, working on the basis of a shared level of ambition and a shared understanding of threats as well as shared considerations of what needs to be protected.

Access to relevant contacts and networks is a “carrot” that could be used to get the business sector involved in this work. By comparison, Finland has been running exercises and total defence courses of various kinds with the business sector for a long time, and this is thought to create valuable networks within and among different sectors and industries. Finnish companies providing vital societal functions base their emergency response measures on commercial interests in contracts and by means of risk management. Finnish preparedness measures, both in the business sector and in society in general, are coordinated via the country’s National Emergency Supply Agency.

Regardless of how the business sector is involved, a collective understanding in the public and private sectors of what needs to be done will be key to the ongoing development of a new total defence. However, the effect of enhanced collaboration between the public and private sectors will be limited unless economic resources are added. Although the business sector may be interested in participating in the development of the total defence, individual companies cannot be expected to bear major costs that are not commercially motivated. This is why the Swedish Civil Contingencies Agency (Myndigheten för samhällsskydd och beredskap, MSB) and the Swedish Defence Commission have indicated that there is a need to develop a comprehensive financing model.

SECURITY OF SUPPLY 2.0

Given the societal changes that have taken place since total defence planning was phased out in the late 1990s, it is necessary to consider a number of issues prior to redeveloping the security of supply. For example:

- Which goods and services should be regarded as strategic or vital to society?
- Is stockpiling the way forward? And if so, how should turnover and distribution roles – for in-

stance – be divided between private and public stakeholders?

- To what extent should methods other than stockpiling be considered, such as production reorganisation, preparedness contracts or a new type of contract?

Although the answers to these questions will differ depending on the sector, it is clear that business sector stakeholders will play an important part in making decisions in different areas. In 2017, the Swedish Defence Commission proposed that a business council should be established. This should complement existing trade association fora and aim for a mutual exchange of information. A business council would jointly develop approaches, plans and terms for collaboration between public and private stakeholders.

The Swedish Defence Commission also proposed the reinstatement of some kind of ‘enterprises important for the war effort’. Regardless of which configurations may be of relevance in this regard, trends such as streamlining, globalisation and digitalisation have significantly changed the playing field in the business sector compared with the time of the previous total defence. Besides goods, a large number of services must now also be regarded as strategic. These include digital systems enabling distribution of medicinal products and foods, but also personnel who are able to manage these systems. Identifying which stakeholders, goods and services are to be defined as strategic in the society of today is an important challenge. Even if ‘enterprises important for the war effort’ were reintroduced, this would not be the only model for the business sector’s involvement in the total defence. Preparedness perspectives can reasonably also be dealt with more generally in various contracts and procurement procedures.

Business representatives are generally positive to the Swedish Defence Commission’s proposals as long as the terms and conditions will be reasonable, such as taking into account competition neutrality and models for financing. Many companies also consider it important that roles and responsibilities are made clear and that the total defence planning is carried out with a long-term perspective.



THREE SUCCESS FACTORS

Concepts such as ‘enterprises important for the war effort’ and business councils are, in a way, simple and concrete factors that can be used in debates on the role of the business sector in the total defence of the future. At the same time, it is important to establish certain basic criteria before focusing on forms of collaboration. These can be summarised in terms of objectives, responsibilities and communication.

As regards objectives, the business sector and the authorities have long demanded greater clarity in terms of the ambition level of the total defence. Such ambitions may range from providing the general public with the “bare necessities”, to securing round-the-clock Internet access. Without any objectives at all, it is difficult for individual authorities, municipalities and county councils to specify reasonable preparedness requirements within the framework of public procurement procedures, for instance.

Companies have also requested clarifications regarding the distribution of responsibilities between various public stakeholders in the context of security of supply issues. The issue of greater clarity in terms of who “owns” situations within and among different sectors – energy, food, transport, etc. – is often brought up.

Finally, communicating the objectives, ambitions and tasks of the total defence to relevant stakeholders is important. Regardless of specific forms of governance and methods, a collective understanding in the public and private sectors of the threats faced and what needs to be done will be a key factor for the success of the ongoing development of a new total defence.