

Summary

Remit of the Inquiry

The Inquiry's report is input into the decision-making process in defence policy ahead of the decision on the defence policy for the period 2021–2025. The Commission has, in summary, to:

- assess the possibility of adding new capabilities and equipment systems to the Swedish Armed Forces in the light of new equipment approved and planned;
- assess how the overall need for equipment can be dealt with if financial limits remain unchanged;
- report measures not accommodated within unchanged financial limits in order of priority; and
- present proposals as to how the supply of equipment can be prioritised and made more efficient in order to secure and develop operational capability.

The Inquiry's priorities are described at a general level. They do not make up an investment plan for the long-term supply of defence equipment for the Swedish Armed Forces that reports the annual expenditure on equipment.

Fundamental starting points

In its Bill Sweden's Defence Policy 2016-2020 (Govt. Bill 2014/15:109) the Government makes the assessment that Sweden's defence capability should be strengthened. The single most important goal in the period 2016–2020 is to increase the operational capability of military units and to ensure the overall capability of Sweden's Total Defence. The Inquiry assumes that the direction stated also applies after 2020. According to the Government, the Swedish Armed Forces should, in the first place, be organised so as to be able to respond to an armed attack at a high level of conflict against an advanced adversary.

The Inquiry concentrates its deliberations and priorities on the major investments in equipment that are assessed as most relevant ahead of the decision making process for defence policy for the period after 2020.

Financial situation of the Swedish Armed Forces

Several large equipment systems need to be replaced and deficiencies in military capability need to be addressed in the period after 2025. It has not been possible to include considerable parts of these equipment needs in the present planning of the Swedish Armed Forces.

The Inquiry has learned that due to cost increases and required replacement of equipment the Swedish Armed Forces will need to exclude equipment from the current investment plan after 2020 in order to remain within unchanged finances. The investment plan contains slightly fewer equipment systems (corresponding to about SEK 1 billion) than are accommodated within the finances available until and including 2029. The financial situation during the period is strained and the financial scope to plan for further procurement is very limited. However, all the equipment systems included in the plan have not been ordered. The Inquiry therefore notes that financial scope can be created by deprioritising equipment planned but not yet ordered, especially after 2025. But that possibility is very limited up until 2025.

The Inquiry has learned that the acquisition of new equipment, in-service support and equipment maintenance for the Swedish Armed Forces are underfunded in current planning. The Inquiry makes the assessment that, on its own, the cost of in-service support of existing equipment exceeds the present finances by at least about SEK 6 billion from 2018 until and including 2025.

The Inquiry notes that equipment maintenance costs increased by more than 300 per cent from 2012 to 2017 and are expected to increase further up until 2025. The Inquiry makes the assessment that there are risks of further cost increases in relation to current planning in equipment appropriations, and that this will then require reviews of priorities.

Taken together, this will have a negative impact on the ability of the Swedish Armed Forces to acquire equipment and therefore on the operational capability of the Swedish Armed Forces

The Inquiry starts from the assumption that the equipment that is planned for in the period 2016 till 2020 will be provided for the Swedish Armed Forces. If, however, it turns out that the Swedish Armed Forces points, in future budgets, to problems in acquiring and financing equipment already approved and planned, then there will be a need to review priorities or provide additional funds. If so, these reviews of priorities mean that the proposals made by the Inquiry will need to be weighed against equipment already planned but not yet ordered.

The Inquiry's starting points

Systems balance, i.e. balanced access to platforms, weapons, ammunition, sensors, command and control systems and logistics for a unit or a capability is of importance for operational capability.

The capability *for situational awareness* is of central importance and relies, in part, on a combination of sensors on land, at sea and in the air. These sensors need to be less vulnerable to attack.

Combat aircraft and navy corvettes can provide some additional sensor capacity. *Command, control and communications systems* are adapted to command units in brigades. *Land forces* should be able to engage an advanced adversary at a high level of conflict. Combat capability by means of indirect fire and armoured fighting vehicles has priority.

Naval forces should be geared to respond to an armed attack while increasing their capability to maintain territorial integrity. Their combat capability should be focused in the first place on anti-surface warfare, and here important resources include submarines and land-based anti-ship missiles. Mine clearance capability is of importance both for naval forces and for civilian shipping.

Air forces should be geared so as to respond to an armed attack while sustaining their capability to maintain territorial integrity. Air combat capability has priority. One factor of importance for the survival of Air Force units is an improved dispersal capability. The transfer of combat air capability from JAS 39 C/D to JAS 39 E should be secured.

The Inquiry's deliberations and proposals of priorities

The Swedish Armed Forces' investment plan for 2018 till 2029 forms the basis for the Inquiry's deliberations and proposals. The Inquiry has set its priorities on the assumption that the main features of the 2016 order of battle of the Swedish Armed Forces essentially will remain unchanged.

With unchanged finances

To sum up, the Inquiry notes that, with unchanged finances, the equipment of the Swedish Armed Forces will gradually become less relevant after 2020 in the light of the requirements and tasks set. It will gradually be unable to sustain its operational capability after 2020. The tasks of the Swedish Armed Forces will need to be reviewed and its level of ambition reduced so as to attain the necessary balance between resources and tasks.

Against this background the Inquiry recommends postponing the planned acquisition of a medium-range air defence system. This will release about SEK 12 billion. Doing so makes it possible to raise the operational capability of the Swedish Armed Forces as a whole, which would not otherwise be possible. Instead the Inquiry proposes using the funds released to increase in-service support and equipment maintenance (about SEK 5 billion), to acquire additional volume equipment (personal equipment, standard vehicles etc. about SEK 5 billion) and to activate air defence units from the reserve and to reinforce logistics (about SEK 2 billion).

Increased defence expenditure - Priorities – in three financial stages

The Inquiry's proposals are intended to attain the highest possible operational capability for the Swedish Armed Forces as a whole. Since higher operational capability and systems balance are not achieved with individual equipment systems but through a wellconsidered whole, the Inquiry has chosen to present its order of priorities for three supplementary levels of financial resources. Each of these stages should be implemented as a whole.

A supplement in three stages is proposed for the ten-year period 2021 to 2030. The first is about SEK 56 billion, the second is a further injection of about SEK 65 billion (a total of SEK 121 billion) and this is followed by a third stage of about SEK 47 billion (a total of SEK 168 billion) above the present long-term level.

Stage 1 (about SEK 56 billion) is proposed to include investments in in-service support of equipment and acquisition of volume equipment and command and control equipment in order to increase the capability of the Swedish Armed Forces and to avoid the deficiencies that would arise with present planning. It also gives priority to improvements of anti-surface warfare capability and indirect fire capability.

The Inquiry proposes implementing the following proposals (without any internal order of priority):

- increase in-service support and equipment maintenance (about SEK 10 billion)
- acquire additional volume equipment (about SEK 10 billion)
- strengthen logistics capability (about SEK 5 billion)
- strengthen naval forces (about SEK 7 billion)
- strengthen indirect fire capability (about SEK 4 billion)
- increase air defence capability in land forces (about SEK 5 billion)
- freedom of action regarding air combat capability (about SEK 8 billion)
- improve command, control and communication systems (about SEK 3 billion)
- increase camouflage, deception and electronic warfare capability (about SEK 3 billion)
- sustain Home Guard capability (about SEK 2 billion)

However, the Inquiry's assessment is that stage 1 is not sufficient to cover the equipment needs in the Organisation of the Swedish Armed Forces decided in 2016.

Stage 2 (about SEK 65 billion) mainly improves air defence capability but also strengthens land forces. It includes investments in weapons and other equipment in the Air Force, increased deployment and dispersal capability, robust sensor chain and additional air defence capability. After the proposals described in stage 1 have been implemented, the Inquiry proposes implementing the following proposals (without any internal order of priority):

- strengthen sensor capability (about SEK 11 billion)
- strengthen and diversify UAV (unmanned aerial vehicle) capability (about SEK 4 billion)
- increase Home Guard capability (about SEK 4 billion)
- modernise armoured fighting vehicles (about SEK 4 billion)
- acquire anti-aircraft missile systems for the Visby corvettes (about SEK 3 billion)
- increase the effect and survival of air forces (about SEK 15 billion)
- increase air defence capability in land forces (about SEK 10 billion)
- acquire additional volume equipment, in-service support and other equipment (about SEK 10 billion)
- acquire additional ammunition (about SEK 4 billion)

Stage 3 (about SEK 47 billion) contributes to a general increase in the capability of all forces. The proposals of measures relate to various improvements in all forces and are presented below (without any internal order of priority). The proposals in the third stage should only be implemented after the previous two stages.

- strengthen naval forces further (about SEK 15 billion)
- improve survival for combat aircraft (about SEK 5 billion)
- introduce the capability for the land forces to strike ground targets at longer range (about SEK 7 billion)
- strengthen sensor capability further (about SEK 10 billion)
- improve air defence capability further (about SEK 10 billion).

Efficiency of the supply of equipment for the Swedish Armed Forces

Regarding defence equipment, the Inquiry proposes a more thorough analysis of needs, assets and differences so that the allocation of equipment can be based on units' actual

needs of equipment. Study and research activities in the area of equipment should also be strengthened so as to build up knowledge about future defence material needs.

The Inquiry proposes a review of security of supply in order to produce a strategy for handling equipment supply risks in peace, crisis and war.

The Inquiry proposes making thorough analyses of possibilities and risks ahead of decisions about international cooperation on equipment. The advantages should be weighed against the risks ahead of such decisions. The Inquiry proposes that possible revenue expected in connection with export deals should not be included in investment appraisals. This is to avoid the investment being under-funded.

The Inquiry proposes a review in order to clarify the meaning and costs of essential national security interests. Regarding these interests the Inquiry also proposes that the parts of the appropriations for combat aircraft capability and submarine capability be reported to the Riksdag (Swedish Parliament) in the Budget Bills.