The Swedish defence logistics system – characteristics and challenges

Presentation at ENABED, 9 sep, 2014, Brasilia

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Key challenges and change processes

- Shift back to homeland defence
  - Key military capabilities?
  - EU? NATO?

- New security situation with aggressive Russia

- Reform from *procurement and performance focus* to *logistics and operations focus*

- ’Vital strategic interests’
  - Technologies, defence research
  - Defence industry
  - How relate to EU directive on defence procurement?
    - National or competitive procurement?

Swedish defence innovation and procurement history (1)

- Autonomous government authorities
  - Tradition since the 17th century
- High degree of defence technology autarky, starting during WWII
- Nonaligned/neutral during WWII and Cold War, and still is
- Buildup of Swedish defence-industrial breadth WWII - end of Cold War
  – Indigenous designed ships, submarines, fighters, missiles, armoured fighting vehicles, radar, artillery and more

Swedish defence innovation and procurement history (2)

- After end of Cold War, gradually less
  - Development programs
  - Less procurement
- Still mostly domestic procurement
- Development towards multilateral collaboration
- From ca 2000, more export support
  - Export up around 200 % from 2002-2011

Present authorities

- Ministry of Defence

- Armed Forces
- Defence Procurement Agency (FMV)
- Defence Research Agency (FOI)
- Defence Export Agency (FXM)
- Defence College (FHS)

Defence acquisition policy 2007-

Shift from technology optimization

to

availability of Armed Forces and 'good enough' technology

1. Document: Armed Forces and FMV *Defence Materiel Acquisition Strategy (2007)*

1. Buy off the shelf
2. Develop in collaboration
3. Develop in Sweden

Defence acquisition policy 2009-

2. Document: Government bill ”***An available defence***” (2008/09:41), 2009 declaring ”*Principles for defence materiel acquisition*”

1. Upgrade (preferrably with others)
2. Buy off the shelf
3. Develop in collaboration
4. Develop in Sweden

Defence acquisition policy 2010-

3. MoD issued sequence of new directives for development in bills and decisions, has incrementally become policy

1. Upgrade (preferrably with others)
2. Buy off the shelf
3. Develop in collaboration
4. Develop in Sweden
    1. with foreign customer
    2. develop alone

Defence industry policy?

- Sweden does not have explicit defence industry policy
- A sequence of decisions forms an implicit one
  - Foreign ownership is ok (since 1997)
  - Highly market liberal, open procurement (obedient to Brussels)
  - Defence companies should primarily survive based on their profitability and competitiveness (Present government, since 2006)

Defence-industrial base

- Saab has around 80 % of output
  - Including the only two strategic capabilities
- BAE Systems Hägglunds
- BAE Systems Bofors

- A large number of SMEs

- High export

Defence logistics reform in Sweden

Reform to ”all-encompassing logistics”

Pre 2013

ARMED FORCES
- doctrine, operations, capabilities, maintenance, service, etc.

FMV
- procurement, materialize specified capabilities

DEFENCE INDUSTRY
- receive orders from FMV (and from abroad), some maintenance and responsibility for availability of materiel

Post 2015

ARMED FORCES
- doctrine, operations, capabilities, etc.

FMV
- procurement, maintenance, service, **+ 1500 personnel**
- **”procure on a higher system level”, ”deliver capabilities”**

Outsourcing of maintenance to industry (not only def ind)

DEFENCE INDUSTRY
- receive orders from FMV (and from abroad), **more maintenance and responsibility for availability of materiel, system integration?**

Challenges with defence logistics reform?

- Shift from acquisition to logistics perspective
- FMV
  - ”procure on higher system level” Meaning?
- Responsibility for system integration?
  - FMV (does not presently possess that capability)
  - Industry?
- Rhetoric:
  - MoD: *defence materiel acquisition*
  - FMV and Armed Forces: *defence logistics*
- Defence industry has around 80 % export (some more) – responsibilities towards Sweden?
- Role of defence research? FOI’s role unclear.

And of course a multitude of reorganization/reform challenges for all concerned …

The pendulum is swinging back … increasing domestic focus

- Repatriation of Kockums submarine capability (2014)
- Explicit declarations on fighter and submarine technologies being ’vital strategic interest’ (2013/14)
- Stronger support for Gripen NG (2012-)
- More focus on homeland defence
- Russia explicitly defined as main threat (2013-)

Election Sunday September 14, 2014

Present government coalition since 2006: highly market liberal

Likely a new government after Sunday, with very mixed defence sympathies

- Social democrats (ca 30 %): defence-friendly, employment focus
- Green Party (ca 10 %) and Left Party (ca 8 %): sceptic towards high technology ambitions, Gripen and submarine development

Defence R&D

- Defence R&D has decreased around 50 % from 2006-2013
- Present increases in defence budget likely to go to
  - Operations
  - Gripen
  - Submarine

Thank you for your attention!

Questions?

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