




**PROSPECTS AND
THREATS OF SWEDEN
JOINING NATO**

The image shows the NATO flag, which is a blue field with a white compass rose in the center. The flag is waving and is set against a blue background. The flagpole is visible on the left side.

The war in Ukraine has changed the geopolitical landscape in Europe and has accelerated NATO expansion, with discussions about joining the alliance currently occurring in Sweden and Finland. The Russian threats towards Sweden and Finland in response to possible NATO membership means that we must expect continued threats and escalated rhetoric from Russia. Russia has warned on several occasions that Swedish accession to NATO is unacceptable.

Today, 12 May, Finland's President and Prime Minister stated in favour of joining NATO and a formal decision would be taken this weekend. Following this, Sweden's foreign minister Ann Linde stated "Throughout the entire process, we have been in close cooperation with Finland on all levels. Finland's statement affects our analysis, we take account for that in the analysis we will present in our report tomorrow". The Swedish parliament is holding a multi-party review of security policy, which is due to be reported on 13 May and on 15 May, the Swedish ruling party - Social Democrats - will announce whether to overturn decades of opposition to NATO membership. If Sweden is to follow along is yet to be seen, however the recent visits from Germany, UK and Finland, and the statements of Swedish foreign minister points in a certain direction. 2Secure, therefore, assess that it is likely that Sweden and Finland will prepare to submit an application to join NATO during week 20: 16 to 22 May.

Russia likely recognises that it has a limited window of opportunity to influence Sweden's and Finland's position. Influencing operations could involve various actions and pressures aimed at affecting decision-making in Sweden and other countries, and could be directed at all sectors of society. It may also take the form of more overt aggression by Russia, including cyber-attacks, air violations, and support to fringe groups in society in order to increase civil unrest. The period between Swedish and Finnish application and accession to NATO, potentially lasting one to two months, is likely to challenge both countries' security orders, as neither country is yet enjoying the full security guarantee that the Western alliance can offer. However, NATO will likely increase troop deployments to Sweden and Finland during the interim period to ensure their security. Moreover, yesterday, 11 May, the UK announced a mutual security pact with Sweden and Finland, agreeing to support both nations in the event of an attack.

The risk of an armed attack or direct use of military force against Sweden is currently assessed as low, whilst the likelihood of increased cyber-attacks and other hybrid warfare activities is assessed as high. Therefore, Swedish companies, government agencies and other public bodies linked to critical Swedish national infrastructure are particularly high-profile targets. Due to the ongoing conflict in Ukraine, defence companies are targeted as well but threats and aggressive cyber-attacks will most probably escalate if Sweden will follow Finland with a NATO membership application.

This report is essential reading for business leaders to be aware of the potential risks to their operations and supply chain in the Nordic countries, if Sweden and Finland submit an application to join NATO, as well as how to mitigate these risks.

PROSPECTS AND THREATS OF SWEDEN JOINING NATO

NATO HISTORICAL OVERVIEW

Finland and Sweden are near decisions on whether to be a part of the military alliance, if the countries decide to join they would become the 31st and 32nd members of NATO.

The trans-Atlantic alliance was founded by the US and 11 other countries in 1949, following World War II. As a system of collective security, its independent member states agree to defend each other against attacks by third parties. The main aim of the organisation was to deter Soviet expansion and a revival of European militarism. While NATO continued to expand and included Greece, Turkey and West Germany into the alliance, the Soviet Union and other countries in Eastern Europe formed the Warsaw pact, consisting of eight nations

In 1982, NATO became 16 nation Alliance with the membership of Spain. From its first day until the collapse of Soviet Union and dissolution of Warsaw

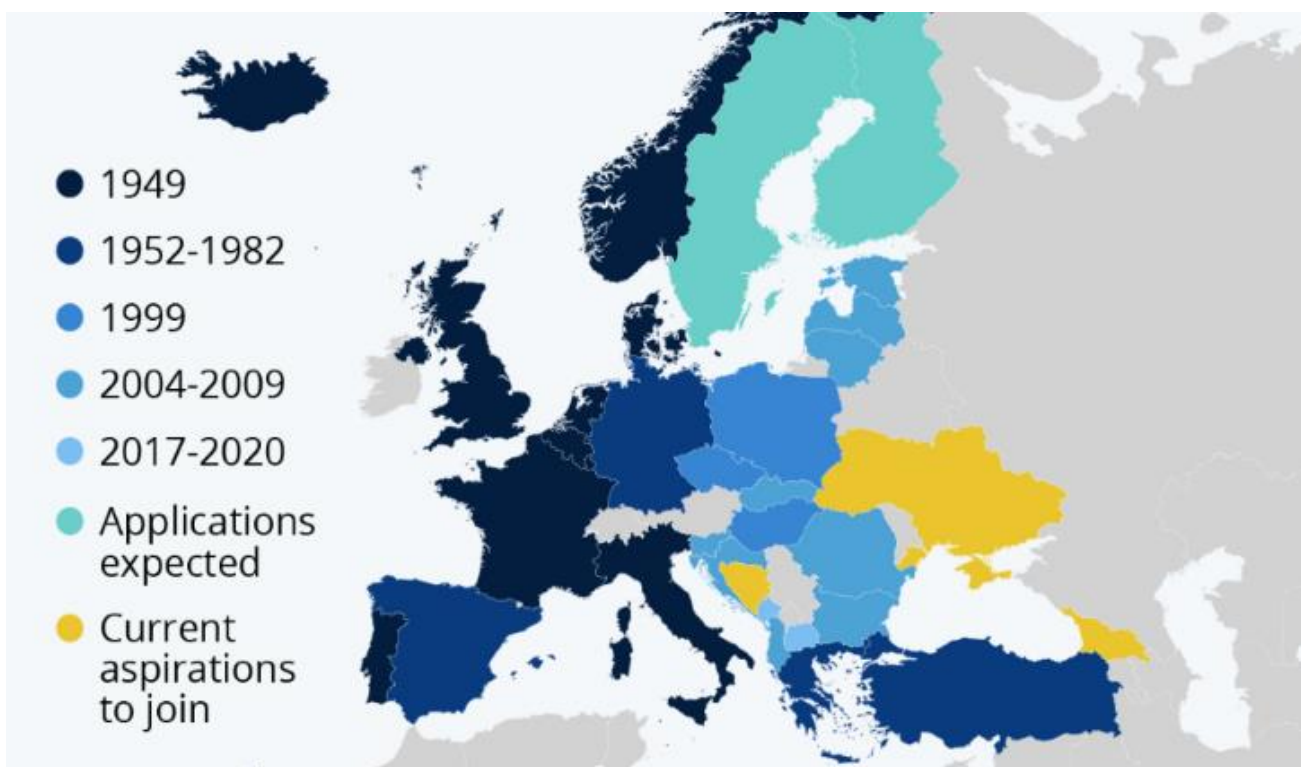
Pact in 1991, NATO has continued to expand. The North Atlantic Alliance remained in place after the dissolution of Soviet Union and has been involved in military operations in the Balkans, the Middle East, South Asia, and Africa and continued its expansion.

NATO also continued to widen its sphere of influence by forming organisational partnerships with non-member countries. The organisation established Partnership for Peace programme (PfP) in 1994 and formed individual bilateral relations between each partner country and NATO. Finland and Sweden joined PfP program, effectively joining international missions, but remaining military nonaligned. Although PfP has made major contributions to crisis management and peacekeeping operations, partner countries do not count as NATO members. Fourteen former partner states of PfP program have subsequently joined NATO and the alliance reached its current status with 30-member states.

12
countries

founded
NATO in
1949

European countries by the year they joined NATO



SWEDISH NEUTRALITY

Sweden's neutrality refers to Swedish policy of neutrality in armed conflicts that has been in effect since the early 19th century. Since the Napoleonic Wars, Sweden has not been a part of any direct armed conflict, including World War I and World War II. During the WWII, Sweden continued its merchant ties with Germany by selling iron to the Third Reich. The Swedish government did not interfere with trade relations because of its official policy of neutrality.

As WWII came to an end, Swedish-American relations started to grow stronger. During the Cold War, Sweden considered the USSR as a threat to the state, and built the state security structures in response to this threat.

After the end of the Cold War and the fall of the Soviet Union, Sweden's official policy of military neutrality has gained another perspective but continued to behave as a neutral and non-aligned country. In 1994, Sweden became a NATO partner as a part of Partnership for Peace program. In 1995, Sweden joined the European Union. Sweden has significantly reduced its security and defence activities and spending since mid-1990s.

Sweden's military has been involved in international missions in countries like Bosnia and Afghanistan and other military support functions around the world as a partner of NATO, the EU and the UN. In 2009, Sweden agreed to enter into mutual self-defence treaties with the EU and with other Nordic countries. In May 2016, a survey showed for the first time that more Swedish people favoured NATO membership that opposed it.

SWEDEN AND FINLAND NATO OPINION SHIFT

On 10 January, Russia claimed to formally codify an agreement that NATO will not expand further eastwards as a result of Ukraine's desire to join NATO. However, NATO discussed Russia's demand as unacceptable. On 24 February, Russia launched a full-scale invasion of Ukraine. The war in Ukraine has changed the geopolitical landscape in Europe and has instead accelerated NATO expansion, with discussions on joining the alliance currently taking place in Sweden and Finland.

Although tensions have risen during the past few years, and although there have been growing concerns that Russia could attack a neighbouring country, the Swedish geopolitical situation changed drastically on 24 February 2022, when Russia invaded Ukraine. Initially the political discourse did not change to any greater extent, the Social Democrats stood firm in that Sweden should remain outside NATO. However, now, three months into the conflict, there has been a change in the discourse. This is partly due to that Finland is expected to join NATO, but also because of how the war has unfolded.

Given Russia's limited success in Ukraine, the actual risk of Russia launching a new military campaign that could threaten Sweden is low.

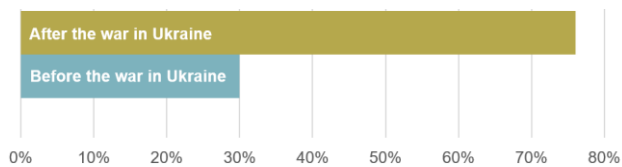
Rather, it is Russia's ruthless tactics – shelling residential areas, executing civilians, reports of rape – that has swayed the debate in favour of NATO. The main argument being, "how can Sweden defend itself against such a barbaric superpower?"

Furthermore, Russia's failure in Ukraine is seen as a window in which Sweden can apply for membership. There is a risk that Russia will successfully change the geopolitical landscape and manage to pose such a threat over Sweden that NATO will be reluctant to admit Sweden into the organisation. As Russia managed to do with Ukraine leading up to the invasion – NATO did not want to admit Ukraine as the risk of confrontation with Russia was too great.

What is Sweden and Finland currently stage?

Currently, both Sweden and Finland are considering applying for membership to the military alliance, which would mark a major policy shift in the Nordic countries. Latest polls show that, in both countries public opinion is in favour of the membership. A poll published on 10 May by a Finnish public broadcaster showed that a record 76 percent of Finns now support joining the alliance, up from the steady 20 to 30 percent registered in recent years. Public opinion has also surged in Sweden, albeit to lower levels, with around half of Swedes now in favour.

Finnish public support to joining NATO shift



For the process, the coming days are very crucial. According to various open sources, Finland is in favour of joining NATO and is expected to announce its decision to join alliance on 12 May. In Sweden, the parliament is conducting a security policy review including the possible consequences of joining the alliance, with results due on 13 May.

NATO Chief Jens Stoltenberg earlier stated that Sweden and Finland already work closely with NATO and meet the alliance’s political and military. Another discussion about possible membership is that countries could be extra vulnerable in the period between a possible application and approval of their membership. The countries would like to have some guarantees that NATO member states would defend them during any transition period. As on 03 May, German Chancellor Olaf Scholz hosted Swedish PM Magdalena Andersson and their Finnish counterpart Sanna Marin; after their meeting, Scholz stated that if the two countries decide to join NATO, they can count on Germany’s support. Stoltenberg also said if Finland and Sweden decide to join NATO, the process of membership could go fast and in the transition period it would be possible to find solutions to ensure Sweden’s and Finland’s military protection.

The Swedish Government has announced that it will strengthen its total defence by speeding up reforms and strive to raise defence appropriations to two per cent of GDP.



RUSSIA'S SHORT-TERM THREATS

Russia has previously warned both countries not to join NATO and stated that it would cause 'military and political consequences' for both countries. However, although these threats should be taken seriously, there is a low risk that Russia will be able to threaten Sweden and Finland in the same way that it has threatened Ukraine. First, Russia is not as concerned about Sweden and Finland joining NATO, as both are already integrated into the West, neither have a Russia population, nor have they been part of the Soviet Union - it is believed that Putin's greater objective is to reinstate the former Soviet Republics into the Russian Federation. Second, Russia does not have the military might to launch a new military campaign in a different geographical area unless there is a clear strategic purpose for its operations in Ukraine - Sweden and Finland joining NATO lacks such a purpose. Finally, there are no indicators suggesting that Russia is planning to launch a military campaign in the Nordics in the short-term.

Although the risk of a Russian invasion in Finland or Sweden is deemed to be low, there is a palpable risk that both countries will become increasingly subject to Russia's hybrid warfare. Russia's hybrid warfare can be seen, in part, as set of activities below the level of conventional warfare; a key part, however, of Russia's hybrid warfare, is the constant threat of conventional warfare, and ultimately the use of conventional warfare. The following aspects can be seen as key means in Russia's hybrid doctrine in the short-term:



Hybrid influence activities: Russia

aims to influence the formation of opinions both in Russia and abroad with the aim of creating a narrative to justify its actions. Therefore, Sweden is likely to become a target of exceptional, extensive and multifaceted hybrid influence activities. Russia's information influence activities in Western countries have proven less effective than expected; however, Swedish media companies should be prepare for this scenario, establishing robust processes to assess the reliability and credibility of information shared. Moreover, Swedish business in all industries should increase their efforts in screening of all personnel to

ensure personnel have no links of interest with Russia and build information security within the organisation.



Cyber-attacks and information security threats:

Russia has targeted Ukraine's cyber operations by malwares attacks, denial-of-service attacks and disruptions in the electricity grid before and during the war. Swedish companies, government agencies and other public bodies linked to critical national infrastructure are particularly high-profile targets. Due to the ongoing conflict in Ukraine, defence companies are targeted as well but threats and aggressive cyber-attacks will most probably escalate if Sweden will follow Finland with a NATO membership application. Swedish business or individuals closely linked to the government may also be subject to targeted attacks from pro-Russia activist groups. Therefore, Swedish companies and public bodies need to ensure adequate cyber security processes within their organisation and supply chain, first by identifying vulnerabilities, reviewing current policies and incident response plans, improving cyber security training and building a general cyber security posture. As well, it will be critical for Swedish organisations to train its employees in information security awareness and hire information security experts, who play an essential role in cyber preparedness and information security awareness.



Air and sea infringements:

Over the past decade Sweden has been subject to several Russian air, and albeit to a lesser extent, sea infringements. These acts have been intended to provoke and generate fear in the adversary's society – in this case Sweden. Therefore, it is likely that Russia will intensify these operations if Sweden were to apply for NATO membership, with the ambition to deter Sweden from joining, or indeed to deter NATO from accepting Sweden. Although such acts can be perceived as threatening, they have never led to any confrontation, and it is unlikely that they will do so now. Furthermore, it is unlikely that this will affect business in Sweden.



Economic destabilisation: There is a risk that Russia will retaliate by imposing forms of sanctions against Sweden and Finland. Most damaging would be if Russia imposed an export control on its energy sector against Sweden and Finland, as it has done against Poland and Bulgaria already. This will lead to substantial economic impacts, especially in Finland (Sweden is not as dependent on trade with Russia). Inflation will rise even further, commodity prices will rise, and supply chains will be disturbed. Businesses in both countries should prepare for how this could affect their operations and business continuity plans.



Conventional warfare: The ultimate aspect of Russia's hybrid warfare is still its ability to conduct conventional warfare. It has an advanced navy, air force, army, and intelligence service, and it obtains the world's largest nuclear arsenal. Ukraine, for instance, experienced Russia's sub-conventional warfare tactics for years, and eventually Russia invaded Ukraine with conventional methods as well. It is unlikely that Russia will do the same to Sweden and Finland in the short-term, as there are no signs indicating that Russia will launch a conventional attack on either country.

LONG-TERM CONSEQUENCES OF SWEDEN JOINING NATO

Potential Russian long-term countermeasures against a prospective expansion of NATO in Sweden and Finland could lead to the displacement of military troops and equipment to the Finland-Russia border. This would escalate tensions between Russia and the West and would undermine the security situation in the Baltic Sea region. A possible pan-European military conflict or a military conflict in the Baltic Sea region would affect Swedish organisations' operations, employees and supply chains.

According to the Article five of the North Atlantic Treaty, which is the Alliance's founding document, NATO member countries are committed to a collective defence. Article five was triggered for the first time after the 9/11 attacks by the United States and NATO has taken collective defence measures. The alliance has standing forces on active duty that contribute to the collective defence efforts on a permanent basis. Therefore, if a NATO member suffers an armed attack by a third country, Sweden, in case of membership, will be involved and committed in an armed conflict by supporting the Alliance collective defence. In addition to an armed attack, a cyber-attack or other hybrid influence activities may also lead to the activation of Article five.

On the other hand, there is another point of view that argues the cost of Finland and Sweden's NATO membership would be greater than what would be gained. As NATO already has its partnership and military cooperation with both of the countries, there is nothing to gain by making Sweden and Finland officially part of NATO. Besides, by becoming a member, both of the countries have to follow collective defence measure that may occur in the future under Article five.



RISK INDICATORS TO MONITOR

The developments we are experiencing challenge our traditional perspectives and we can see that we are living in a rapidly changing world. The Russian invasion of Ukraine has a clear impact on the security situation in Sweden. Planning and preparing for the "unlikely" increases the ability to deal with the unexpected. Therefore, Swedish business leaders should ensure to establish robust risk-monitoring frameworks.

Risk indicators to monitor in the short-term:

- If Finland declares that it is applying for NATO membership (expected to be announced on 12 May), it is likely that Sweden will opt to do the same. The countries have a long history of sharing the same security policies.
- On 15 May, the Social Democrats (incumbent) in Sweden will make an announcement on whether it thinks Sweden should join NATO or not. All the big parties will be in favour of NATO if the Social Democrats declare that they are too.

- The Swedish government submitting a NATO application.
- Increase of a Russian air and sea infringements in Finland in a short period of time.
- Finish government or individuals being subject of Russian cyber-attacks.
- Increase of media campaigns against NATO in the Nordics.

Risk indicators to monitor in the long-term:

- Displacement of Russian troops to the border with Finland and the Baltics.
- Steering migration toward to Russia's Finnish and Baltics borders.
- Increase of a Russian air and sea infringements in Gotland.
- Military cooperation between Russia and China.
- Russia's statements affirming it will use nuclear weapons.
- Political tensions between a NATO member country and a third country, for example between US and China.



PHOTO: UNSPLASH/LEKE STAVROPOLE

2SECURE

RECOMMENDS





1.

The likely application of Sweden to the NATO is likely to bring changes in the security environment of the country, affecting internal security, cybersecurity, hybrid influence activities and even critical infrastructure. There is an increased risk that Sweden will be subject to powerful pressure - political, economic and military. Crisis management, preparedness and business continuity plans should become high importance of Swedish business leaders.

2.

The security situation in Europe and in Sweden is more serious and more difficult to predict than at any time since the Cold War. The change in the security situation is expected to be long lasting. Therefore, European business leaders must continue to exercise caution and develop a robust set of risk indicators to help business leaders monitor the international risk environment.

3.

Before Swedish organisations face a security crisis or other difficult situation, there is a need for effective crisis management and crisis communication. Board members and employees cannot operate properly under difficult conditions without the right preparation, knowledge and tools. Not least, training and exercises are required. However, the first step is to formulate what capabilities need to be in place to deal with different crisis scenarios. Considering various scenarios provides business leaders with an advanced cognitive preparation of possible outcomes and impacts on the companies' activities. Scenario planning provides the reader with greater breadth of understanding of potential evolutions, and increased capacity for planning.

4.

Swedish companies, government agencies and other public bodies linked to critical national infrastructure are particularly high-profile targets. Due to the ongoing conflict in Ukraine, defence companies are targeted as well but threats and aggressive cyber-attacks will most probably escalate if Sweden will follow Finland with a NATO membership application. Swedish business or individuals closely linked to the government may also be subject to targeted attacks from pro-Russia activist groups. Therefore, Swedish companies and public bodies need to ensure adequate cyber security processes within their organisation and supply chain, first by identifying vulnerabilities, reviewing current policies and incident response plans, improving cyber security training and building a general cyber security posture. As well, it will be critical for Swedish organisations to train its employees in information security awareness and hire information security experts, who play an essential role in cyber preparedness and information security awareness.

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