



Implications for defence procurement when Sweden joins NATO



Charlotte Brunlid
Special Counsel, Lawyer, Head of
Public Procurement

On 7 March 2024, Sweden officially became a member of NATO. After decades of close cooperation with NATO and the adaptation of the Swedish Armed Forces to NATO standards, Sweden is now a full member of the alliance.

This historic step requires significant strengthening of Sweden's total defence. The defence budget is increasing substantially, driving a corresponding surge in procurement activities. In this evolving landscape, the Swedish Procurement Act in the Field of Defence and Security (Sw. *lagen (2011:1029) om upphandling på försvars- och säkerhetsområdet*), ("**LUF**S") becomes more critical than ever.

LUF S, which implements Directive 2009/81/EC on procurement in the fields of defence and security, sets out a procurement framework tailored for national security interests. It governs nearly all contracts involving military equipment, sensitive services, and classified information. Importantly, LUF S provides specific rules on information security, security of supply and subcontracting. Unique features include negotiated procedures with prior publication and clearer exemptions for technical reasons. LUF S and the underlying EU Directive are therefore helpful tools in the sensitive procurements necessary in the defence sector.

While LUF S and the underlying EU Directive has served Sweden and other EU Member States well, it is now several years old. Regular evaluations by the European Commission are anticipated to assess whether the European defence equipment market operates openly, transparently, and competitively. Looking ahead, we should ask when we might see a new Directive in the field of procurement of defence and security? The opportunity to modernize and adapt the rules to meet new security challenges is both necessary and exciting.

Sweden's accession to NATO is a milestone that underscores the importance of robust, secure, and forward-looking defence procurement practices. As security awareness grows, adherence to LUFSS will be crucial to ensuring Sweden's preparedness in this new era. It is therefore exciting to assist our clients in leveraging the business opportunities and contribute to security that the rebuild of a strong Swedish total defence will bring.

Take the opportunity to read Charlotte Brunlid's article on Swedish defence procurement, published in Upphandlingsrättslig tidskrift no 1 2024 (in Swedish).

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