



# Defence appropriation to increase to two per cent of GDP

Sweden's military defence funding is to increase to two per cent of GDP. This was conveyed by Prime Minister Magdalena Andersson at a press briefing with Minister for Finance Mikael Damberg and Minister for Defence Peter Hultqvist.

The Prime Minister said that the Government has a three-track approach in response to Russia's invasion of Ukraine. The first track involves supporting Ukraine and the Ukrainian people by providing financial and humanitarian support, but also support to strengthen Ukraine's resilience. The second track involves the Government, together with other countries, imposing sanctions against the Russian regime, and the third track involves taking measures to strengthen Sweden.

“Tensions are high in our neighbourhood – the situation is worse than for several decades and we need to keep strengthening our defence capabilities,” said Ms Andersson.

## **Further military defence reinforcements**

The Prime Minister noted that Sweden's ongoing military scale-up is the largest since the 1950s, and reinstating national military service is one of the measures.

“Including the current defence resolution, expenditure on defence will have increased by 85 per cent between 2014 and 2025,” said Ms Andersson.

She also stated that there will be further reinforcements. Even before Russia's aggression against Ukraine, following talks with the Defence Commission, Mr Hultqvist had decided to strengthen national defence capabilities in the short term. In addition to this, the Government will decide on additional resources.

“Military defence funding will increase to two per cent of GDP. We will meet this objective as soon as it is practically possible. That is, when it’s possible to translate these increases into strengthened defence capabilities.

“We must also establish stable, long-term and solidarity-based financing for the scale-up that the majority of the Riksdag will support. It must have a stable basis if we’re to have a strong and secure defence,” she concluded.

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# Sweden planning additional support to Ukraine through World Bank

Minister for Finance Mikael Damberg has informed the World Bank that Sweden plans to issue a guarantee of USD 50 million for the World Bank's loan to Ukraine. This will be added to the USD 350 million loan that the World Bank is already preparing.

– The Government's priorities are to keep pushing for sanctions against Russia, to support Ukraine and to strengthen Sweden. Ukraine is in a situation of acute crisis and its financial and economic stability is expected to weaken further as a result of Russia's aggression. By issuing this guarantee, Sweden is contributing approximately half a billion kronor in support to Ukraine, in addition to the loan that the World Bank is already preparing, says Minister for Finance Mikael Damberg.

Ukraine's economy was affected by the deteriorating security situation in the region even before Russia's aggression. An outflow of capital has drained the country's foreign currency reserves, the currency has weakened substantially and the country's Government has lost access to the international capital markets.

Due to Russia's aggression against Ukraine, the Swedish Government has increased its humanitarian aid by SEK 500 million to support Ukraine and respond to the growing humanitarian needs. Through a committee initiative in the Riksdag last Monday, the Riksdag decided that Sweden will make a financial contribution of SEK 500 million to the Ukrainian central bank's special fundraising account to support the country's armed forces, and provide defence materiel with a maximum total value of SEK 400 million.

The extraordinary situation requires substantial measures. This is why the Government intends to further increase its support to Ukraine by issuing a

guarantee of USD 50 million for the World Bank's loan to Ukraine. The World Bank is readying a USD 350 million loan to respond to Ukraine's acute liquidity crisis. As the planned loan is a follow-up to a loan and reform programme that Ukraine received in 2021, the World Bank can begin the disbursement without delay. If Ukraine is unable to repay back the loan, Sweden's guarantee will be financed through the aid budget.

– Apart from the immediate human suffering that the war is causing, Ukraine's economic development is being seriously harmed. By giving a guarantee to the World Bank, Sweden is helping to support Ukraine financially in this very difficult economic situation, says Minister for International Development Cooperation Matilda Ernkrans.

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# Changes in the state budget for 2022 – Sweden to provide direct support and defence materiel to Ukraine

On Sunday 27 February, Prime Minister Magdalena Andersson and Minister for Defence Peter Hultqvist held a press conference on direct support to Ukraine. Sweden's support consists of both financial support and equipment in response to Russia's invasion of Ukraine. Following speedy consideration by the Riksdag on 28 February, the Government will now implement these measures.

To ensure the fastest possible consideration by the Riksdag, the decision on amendments to the central government budget was taken through a committee initiative in the Riksdag. Sweden's support to Ukraine comprises several components.

## **Support to the National Bank of Ukraine**

The National Bank of Ukraine (Ukraine's central bank) has opened a special fundraising account to support the country's armed forces. This support will help strengthen Ukraine's ability to fight Russia's invasion and armed attacks at a critical time. Sweden will provide SEK 500 million to the fund.

## **Defence materiel**

Ukraine has also requested defence materiel. The Riksdag has therefore authorised the Government to provide 5 000 anti-tank weapons, 5 000 body shields, 5 000 helmets and 135 000 field rations with a total value of SEK 400 million. The Inspectorate of Strategic Products has approved

export licences in accordance with the Military Equipment Act.

In view of the needs of the Swedish Armed Forces and the security situation, it is very important that the defence materiel be replenished as soon as possible. For this reason, the Riksdag has also decided to allocate an appropriation of just over SEK 400 million for replenishment of defence materiel.

This decision means that allocated funds in the central government budget for 2022 will increase by a total of just over SEK 900 million. The Government will now implement its proposed measures. The necessary Government decisions on implementation are taken immediately following the Riksdag's decision. The conditions will then be in place for the agencies to provide the financial support and defence materiel without delay.

### **Government to increase humanitarian aid**

To support Ukraine, the Government has also decided on a redistribution within the development assistance framework. Humanitarian aid to Ukraine will be increased by SEK 500 million to respond to the growing humanitarian needs in the country, its neighbourhood and the region.

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# More infection control measures to be introduced on 23 December 2021

On 23 December, more infection control measures will be introduced in accordance with the Government's action plan for introducing infection control measures. This is due to the increased community transmission of COVID-19 and the increased burden on health and medical care services.

## Measures being introduced on 23 December 2021

- Indoor public gatherings and events with more than 20 participants may only have a seated audience regardless of whether or not vaccination certificates are used. Without vaccination certificates, the size of groups is limited to a maximum of 8 people, with a distance of one metre between groups. There is an exemption for religious gatherings.
- Indoor public gatherings and events with more than 500 participants require vaccination certificates and the size of groups is limited to a maximum of 8 people, with a distance of one metre between groups. This means that indoor public gatherings and events with more than 500 participants cannot be organised without vaccination certificates.
- The requirements for eating and drinking establishments are that guests must be seated and that there is a distance of one metre between groups. This also applies for night clubs.
- The requirement for indoor trade fairs and shopping centres is that there must be at least 10 square metres per person.
- The requirement for indoor cultural and recreational activities, such as museums, art galleries and gyms, is that there must be at least 10 square metres per person, except for activities such as training, competitions, etc. intended for children and young people born in 2002 or later.
- Between 23 December 2021 and 16 January 2022, cultural, sport and

recreation associations are advised not to organise or take part in camps, sports cups or other larger indoor activities that involve participants who do not normally meet. Individual activities, matches and one-day competitions such as league matches or the equivalent may be conducted. This advice does not apply to professional sport.

- General advice on working from home will be reintroduced.
- Infection control measures are recommended for adult education in order to avoid crowding and large gatherings. The general rule is for education to be conducted on an in-person basis, but higher education institutions may use distance learning as a tool to prevent crowding at teaching premises.

These infection control measures will be introduced by the Public Health Agency of Sweden on 23 December 2021. For more information about the Public Health Agency of Sweden's recommendations – see [Folkhälsomyndigheten.se](https://www.folkhalsomyndigheten.se).

#### **Instructions to government agencies on working from home**

Workplaces are a major source of infection. At its meeting on 22 December 2021, the Government will adopt stricter instructions to government agencies. Government agencies must ensure that only employees whose physical presence is necessary to conduct business are present in their premises. These stricter instructions on working from home will apply until 31 January 2022.

#### **Possible further measures**

The Public Health Agency of Sweden has also submitted requests to the Government that a limit of 50 participants should be introduced for indoor premises that can be used or made available for private gatherings, that a requirement on infection control measures should be introduced for long-distance public transport, and that a negative COVID-19 test not older than 48 hours should be required for foreign nationals to enter Sweden. The Government intends to consider these requests speedily.

#### **Background**

Recent weeks have seen a rapid increase in the spread of COVID-19 and also a greater burden on health and medical services. This is occurring at the same time as the circulation of other respiratory infections such as influenza and RS viruses is greater than in many years.



On 7 December, the Government presented an action plan for introducing infection control measures. Through the plan, the Government hopes to create increased transparency and clarity before other possible measures are introduced.

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# Government presents action plan for introducing more infection control measures as of 8 December 2021

The Government has introduced further COVID-19 infection control measures due to increased transmission rates and somewhat growing pressure on health care services. The Government also wants to reintroduce further support and compensation to reduce community transmission. Furthermore, the Government is presenting a plan for business support that may be reintroduced if stricter social restrictions need to be reimposed. Vaccinations remain the key to reducing the risk of infection, disease and death, and to avoiding the introduction of further measures.

## **New measures to reduce transmission rates**

Infection control measures will be introduced in three stages. As of 8 December 2021, when the first stage begins, a number of infection control measures will be added to the recommendations that already apply. The assessment of the Government and the Public Health Agency of Sweden is that Sweden is experiencing increased transmission rates and somewhat growing pressure on health care services. Additional infection control measures are therefore needed in the first stage of response.

The recommendations aim to reduce contact between people, and they are directed at a range of actors as outlined below.

- Employers should, if possible, avoid holding large indoor gatherings,

enable employees to maintain a safe distance from each other and, when appropriate, to work from home to a certain extent. The Government intends to take a decision on tasking government agencies in this regard.

- Higher education institutions, including universities, university colleges, folk high schools, vocational higher education institutions and municipal adult education institutions should continue face-to-face teaching but take infection control measures, including social distancing, at large indoor gatherings.
- Schools should take preventive measures, for example, by ensuring a safe distance between people at concerts and end-of-term events in indoor settings.
- Eating and drinking establishments should prevent crowding and take other appropriate infection protection measures.
- Everyone should maintain a safe distance in public spaces, especially indoor spaces. Everyone should avoid crowded areas. This recommendation is directed at both children and adults.
- Adults should avoid crowding on public transport, if possible, by travelling at off-peak times or choosing other transport modes.
- Adults should use face masks in crowded areas or when it is not possible to maintain a safe distance on public transport, whether travelling short or long distances and regardless of transport mode (bus, train, taxi, ferry).
- Public transport should run as frequently as required to prevent crowding, and service frequency should not be reduced.

Further measures included in the action plan may be introduced in subsequent stages if the situation deteriorates. A substantial increase in transmission rates and increased pressure on health services could lead to a second stage of additional measures. Very high transmission rates and heavily burdened health services could lead to a third stage of additional measures. Read more in the Government's action plan for introducing infection control measures.

### **Financial support to reduce transmission**

Additional financial measures will be reintroduced to make it easier for people to stay home if they feel unwell.

Most of the measures will apply from 8 December. It is proposed that they all apply until 31 March.

- The requirement of a medical certificate to receive disease carrier's

allowance will be removed. (The Government will announce the date of entry in due course.)

- Compensation to at-risk groups and certain relatives of people who are in at-risk groups will be reintroduced, and temporary parental benefit for parents of seriously ill children will be extended.
- The possibility for parents to receive temporary parental benefit if schools or preschools close will be extended.
- Compensation for the standard deduction for sick days for employees and self-employed individuals will be reintroduced to make it easier for people to stay home when they are unwell.
- The State will compensate employers for higher sick pay costs than what is considered normal (retroactively from 1 December).
- The exemption from taxation for benefits of free parking will be extended to reduce crowding in public transport.

The measures will be included in the additional amending budget that the Government intends to present to the Riksdag early next year.

### **Preparedness to support businesses**

The Government wants preparedness to enable the swift reintroduction of support to Swedish jobs and businesses if new social restrictions become necessary and affect businesses' ability to carry out their activities.

The Government is therefore budgeting with a view to being able to reintroduce both the ordinary reorientation support and the turnover-based support for sole traders and trading partnerships. These forms of support would be designed along the lines of earlier support.

The Government will also announce an extension of event support until 31 March 2022. This is to eliminate uncertainty and enable organisers to continue planning their events.

The Government is also preparing a legislative amendment to remove the waiting period for aid in the event of short-time work so that employers that have received aid during the COVID-19 pandemic can apply, if necessary, for ordinary support for short-time work.