



'Restored Trust: Our Reliable Nation'

Description

Micael Johansson, CEO of Saab—the Swedish company that manufactures the Gripen fighter jet—has observed that Sweden's recent NATO membership has enhanced the company's prospects of securing defense contracts within the alliance. Traditionally, war and geopolitical tensions are not considered beneficial for business. However, Russia's invasion of Ukraine has prompted neighboring countries like Finland and Sweden to reassess their security strategies. In May 2022, both nations applied for NATO membership, seeking to strengthen their defense postures. By March 2024, Sweden became NATO's 32nd member, marking a significant shift in its defense policy.

Johansson highlighted a growing recognition that Europe needs to bolster its own defense capabilities. This sentiment aligns with NATO's call for member states to increase defense spending to at least 2% of their GDP. As of 2024, only 23 of NATO's 32 member countries meet this target, but recent geopolitical events have spurred commitments to boost defense budgets.

Sweden has been proactive in this regard. In 2024, the country allocated over 2% of its GDP to defense and plans to further increase this spending in 2025. Similarly, Finland, which joined NATO in April 2023, has outlined plans to raise its defense budget from \$6.8 billion in 2025 to \$11.5 billion by 2032.

Johansson advocates for Europe to support its defense industry, mirroring the United States' approach to protecting its own. He welcomes competition among defense companies, viewing it as a catalyst for innovation and growth.

NATO membership has opened new avenues for private companies in Finland and Sweden. In Finland, small and medium-sized enterprises are expected to contribute advanced technologies such as drones, sensors, and digital surveillance systems. These technologies are crucial for initiatives like the "drone wall," a collaborative project among six NATO members aimed at enhancing border security with Russia.

As warfare evolves, Europe's security increasingly depends on cyber defense and the protection of critical infrastructure, including undersea pipelines and communication cables. The integration of advanced technologies by NATO's newest members underscores the alliance's commitment to adapting to modern threats and enhancing collective defense capabilities.

CATEGORY

1. Business - LEVEL5

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