



MUNDUS INTERNATIONAL

THE NOVEMBER 2022 EDITION

MIPR

THE MONTHLY POLICY REVIEW

IN THIS ISSUE

TIDÖ TIMES

Mundus takes a deep dive into the contents of the Tidö Agreement and the new Government's other policies - including immigration, crime and foreign policy - as well as its prospects for success and tensions

SWEDEN'S RADICAL ENERGY POLITICS

One of the Kristersson administration's 'priority is to get Sweden "out of the energy crisis in order to reach our climate goals and return reasonable electricity prices to the Swedish people." Mundus looks into what should be made of the Government's energy and climate policies

THE INFLUENTIAL SHADOW

With every change of government, there are a large number of important political posts in the government offices that need to be filled. We give you insight to the people in power in the new Kristersson administration

INTERVIEW WITH THE CZECH EU MINISTER

Mundus spoke with the Czech Minister for European Affairs, Dr. Mikuláš Bek, about the progress and challenges of the Czech EU Presidency, including support to Ukraine, energy issues, European values, and the key importance of good relations

THE MONTHLY POLICY REVIEW

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What's Ahead

November

4 November	5th Vienna Energy Security Dialogue , Vienna
7 - 18 November	UN COP27 climate summit , Sharm El-Sheikh
8 November	2022/2023 Budget Bill presented to the Riksdag, Stockholm
8 November	Economic and Financial Affairs Council , Brussels
8 -9 November	Hydrogen and Fuel Cell Conference , Copenhagen
8 - 14 November	2022 Stockholm Security Conference: Battlefields of the future , virtual
9 November	Riksbank publication: The Financial Stability Report 2022:2
10 - 11 November	15th European Nuclear Energy Forum , Prague
11 November	Economic and Financial Affairs Council (Budget) , Brussels
14 November	Foreign Affairs Council , Brussels
14 November	EU Energy Day , Sharm El-Sheikh
14 - 18 November	Raw Materials Week , Brussels and online
15 November	Foreign Affairs Council (Defence) , Brussels
15 - 16 November	G20 Leaders' Summit, Bali
15 - 17 November	Space Tech Expo Europe 2022 , Bremen
16 November	Party leader debate: EU policy, the Riksdag
16 November	Nordic Battery Thursdays , Kokkola
17 - 18 November	Slush , Helsinki
17 - 18 November	Mänskliga Rättighetsdagarna , Örebro
18 - 21 November	NATO Parliamentary Assembly 68th Annual Session , Madrid
22 November	Bright Green Summit , Stockholm
22 - 24 November	Nordic Circular Summit 2022 , Stockholm
23 - 24 November	Nordregio Forum 2022: Changing Labour Markets and Greener Communities , Hammar
25 November	Foreign Affairs Council (Trade) , Brussels
28 November	Foreign Affairs Council (Development) , Brussels
28 - 29 November	5G Techritory , Riga
29 - 30 November	Arctic Futures Symposium 2022 , Brussels

December

6 December	Economic and Financial Affairs Council , Brussels
6 December	EU-Western Balkans summit , Tirana
6-8 December	World Circular Economy Forum 2022 , Kigali
8 - 9 December	Justice and Home Affairs Council , Brussels
10 December	Nobel Day
12 December	Foreign Affairs Council , Brussels
15 - 16 December	European Council , Brussels
15 - 17 December	UN Biodiversity Conference (CBD COP 15) (Part 2) , Montreal
21 December	NIER publication: The Swedish economy

January 2023

1 January	Sweden takes over EU presidency
8 -10 January	Folk & Försvar , Sälen
16 - 20 January	World Economic Forum: Annual Meeting , Davos
18 January	Party leader debate , the Riksdag
20 - 29 January	International Green Week 2023 , Berlin
25 - 27 January	Informal meeting of EU justice, home affairs and migration ministers, Stockholm
27 Jan - 5 Feb	Göteborg Film Festival

Further ahead

9 - 10 February	Informal meeting of EU development ministers (FAC development), Stockholm
13 - 17 February	Sthlm Fintech Week 2023 , Stockholm
15 February	Foreign policy debate , the Riksdag
1 - 2 March	Informal meeting of EU defence ministers, Stockholm
2 - 3 March	Informal meeting of the EU foreign ministers, Stockholm
23 - 24 March	European Council , Brussels

Tidö Times

Sweden finally has a government. The four right-wing parties have published an extensive agreement on the terms of their cooperation for the next four years (assuming it can hold). The so-called Tidö Agreement covers a range of mostly domestic economic and social issues, and the key points are about crime and immigration. The agreement also explains how the governing parties will work together. We take a deep dive into the contents of the agreement and the new Government's other policies, including foreign policy, as well as its prospects for success and tensions.

The general election of 11 September 2022 gave Sweden's right-wing bloc a three-seat majority in the Riksdag, comprising the Sweden Democrats (SD), Moderates (M), Christian Democrats (KD), and Liberals (L). Despite a clear, if small, majority, it was only on 17 October that the Riksdag voted for a government including M, KD, and L, with Ulf Kristersson (M) as Prime Minister, in a confidence-and-supply arrangement with SD. Government formation was decided along the new bloc lines, and all 176 members of parliament from the four parties voted in favour, while all 173 members of the opposition voted against - including the traditional left-wing parties of the Social Democrats (S), Greens (MP), and Left (V), as well as the Centre Party (C).

The five-week delay in forming a government was probably due to the complexity and detail of the eventual cooperation agreement. Known as the [Tidö Agreement](#) (TA) (Sw. *Tidöavtalet*) after Tidö Castle in Västerås where the leaders of the parties negotiated the details of the 63-page document, the text is rather unique for a Swedish coalition agreement. The Alliance (M, KD, L, and C from 2004-2018) published collective manifestos ahead of general election,¹ essentially laying out terms for cooperation, whereas TA outlines in extensive detail the terms of cooperation between the four parties, as well as "projects" for policy and legislation in the areas of healthcare, climate and energy, crime, migration and integration, schools, and growth and household finances.

The rules of the game

By explaining how the parties are to cooperate, and not just on what topics, the TA stands out considerably from previous coalition agreements, such as 2019's January Agreement that sustained an S-MP minority government for most of the last mandate period.² As Dagens Nyheter (DN) noted in its reporting, "It is not unusual to have detailed agreements between the parties in an agreement on government support, neither in Sweden nor in other countries. It also happens that the largest party in a government agreement document is not part of the government ... But it is unusual for the conditions of cooperation to be as regulated as they are in the TA." Here, DN refers to the fact that SD clinched a larger share of the vote than any of the other three parties but agreed to remain outside the Government in exchange for extensive influence over policy. Jan Teorell, Professor of Political Science at Stockholm University, called the TA's detailed explanation of the terms of cooperation "undoubtedly unique" by Swedish standards: "There is no one else who has written a government agreement that has this length and wealth of detail, and that goes into such detail not only on substantive policy matters, but also on the form of cooperation."³

The terms of cooperation in the TA signal a number of significant changes to how things are done in Rosenbad and the Riksdag, which could have significant implications for policy and administrative practice, and which have already caused concern and controversy outside the Government. The TA opens with a description of the overall terms of cooperation, stating, "All matters related to cooperation are carried out in joint cooperation projects between the parties included in the agreement. Cooperation parties that are not in the government have full and equal influence over matters in the cooperation projects in the same way as the parties in the Government. This means full participation in the preparation processes regarding, for example, inquiries, bills to the Riksdag, changes to regulations that result from new legislation, EU matters that affect the issues covered by the collaboration projects," as well as assignment and letters patent [Sw. *regleringsbrev*] to public authorities related to these projects. The TA goes through an impressive amount of detail about how collaboration must work across a range of scenarios, including, for example, by giving all four parties full participation in external communication on policy matters. The TA prohibits unilateral cooperation between any of the parties with any other parties in the Riksdag on covered policy areas and

¹ <https://www.alliansen.se/wp-content/uploads/2014/09/Vi-bygger-Sverige-Alliansens-valmanifest-2014-2018.pdf>

² <https://mundus-international.com/product/the-january-agreement/>

³ <https://www.dn.se/sverige/akessons-makt-i-regeringskansliet-blir-unik/>

states that the four parties should create a positive cooperation environment by “behaving with dignity and speaking respectfully of each other’s central representatives. Any public discussions based on differences of opinion on substantive issues between the cooperating parties must be approved” in line with democratic debate.⁴ The agreement leaves the parties free to criticise each other on policy matters, but the extensively detailed rules for cooperation between them make it difficult to engage in direct hostilities. The agreement thereby cements the parties’ commitment to work in unison and gives SD “a kind of veto right of which proposals the Government puts forward,” along with full participation in budget negotiations. Johan Hinnfors, Professor of Political Science at University of Gothenburg, sees SD as being in “an ideal position for a party. Everything that goes well can be argued to be due to us. Everything that goes badly can be blamed on others.”⁵

Substantive policy - and potential political pitfalls

Looking at the Government’s policies, it is clear that SD is the dominant force in all matters covered by the TA. Its influence is felt heavily in most areas of the agreement, but this creates considerable scope for future political conflict. In this section, we review the main points of each of the “projects” that the TA outlines and the potential political hurdles that could flow from them.

Healthcare

In healthcare, the parties make a range of promises that ought to have mass appeal: they pledge to implement reforms that will reduce the length of queues for healthcare treatment, increase accessibility to healthcare, improve efficiency and equality in the healthcare sector, enhance the working environment for healthcare providers, and enhance the supply of skills training and skilled labour in the healthcare sector. The overall focus of these projects is to “reduce administrative burden and unnecessary bureaucracy.”

Of particular significance is the TA’s promise to gradually increase state (national-level) responsibility for healthcare, which is now controlled largely at county level. Nationalising healthcare is a core concern for KD, which announced that an investigation of doing so was a condition for forming a government. Other parties have mixed views, but Swedish voters overwhelmingly support the idea, with 70% of the country wanting the national government to take over.⁶ According to the TA, the investigation will consider the pros and cons of proposals for introducing partial or full state responsibility for healthcare in the long term, as well as the advantages and disadvantages of the current structure. The TA also outlines detailed plans in particular areas of care, including provisions on maternity care, expanding the role of primary care, and investigating reforms to dental care to expand access, while removing dental care for asylum seekers. In the Statement of Government Policy on 18 October, Kristersson emphasised queue reduction as the top health-related priority. He also pledged that the Government does intend to increase national responsibility for healthcare, calling national leadership “needed” in this area and announcing the establishment of a national healthcare referral centre under state management.⁷

These reforms are likely to take quite a bit of time to implement, extending beyond the current mandate period. We would therefore expect that healthcare policy is unlikely to be a significant source of contention or instability within the governing coalition, at least in the near future, as nothing in the agreement radically clashes with any party’s platform. Virtually all parties agree on the urgent need to reduce queue times for healthcare. The sharpest distinction between parties in the Riksdag is on the continued privatisation of healthcare provision, which the left-wing parties largely oppose, mostly favouring bans on profit-making in the sector - an issue that they tried to emphasise during the election campaign. Yet the governing parties are largely aligned on the question, signalling that they are likely going to be able to work together well in this area. The matter of nationalising care could raise thorny questions eventually, but the agreement only commits the four TA parties to investigating the issue and to gradually increasing state control. Moreover, Kristersson’s promise of this as government policy suggests coherence between at least the governing parties.

Climate and energy

Our article on Sweden’s energy policy in this month’s edition takes a deep dive into the Government’s proposals on energy, which we note have drawn criticism from a wide range of actors, not least for the increased emissions that will

⁴ Ibid.

⁵ <https://www.dn.se/sverige/akessons-makt-i-regeringskansliet-blir-unik/>

⁶ <https://lakartidningen.se/aktuellt/nyheter/2022/05/sju-av-tio-vill-att-staten-tar-over-ansvaret-for-varden/>

⁷ <https://www.government.se/4a9a17/contentassets/9c187813e7b3488ea595c9e28e2411e5/statement-of-government-policy-2022-eng.pdf>

result from the TA. The overarching justification in the TA is “restoring a functioning electricity system” in Sweden through the specific proposals, discussed in more detail in our [next article](#). The TA claims that multi-stakeholder collaboration is crucial to its policy goals and encourages collaboration with Swedish business and civil society - something that might prove difficult with so many negative reactions from the outside. While the TA does not force the Government to change its broader environmental policy, it became immediately clear that the Government would take climate and wider environmental policy in a new and perhaps unprecedented direction when it announced that Romina Pourmokhtari (L) would become Minister for Climate and the Environment while subordinating the Ministry of the Environment to a Ministry for Climate and Business, which also would include today’s Ministry of Infrastructure.⁸

While L has long branded itself a frontrunner on climate, Pourmokhtari - once known for being especially critical of SD and, as the youngest minister in Swedish history, someone likely to be particularly affected by the coming climate catastrophe - has not offered many plans for decreasing emissions. She stated that at COP27, beginning within days of this publication going to press, other countries would have to understand that Sweden will be temporarily increasing its emissions, although “ambition” remained key for retaining Sweden’s image of climate leadership.⁹ But it will be difficult for Sweden to claim it is much of a leader on anything related to climate if it goes into international summits with plans for increased emissions, represented by a government backed by climate deniers.¹⁰

Crime

Perhaps the most significant and dramatic reforms in the TA relate to crime and immigration. Kristersson frequently focused on crime during the campaign and he began his statement of policy to the Riksdag by listing the fight against crime as the Government’s top priority: “The fight against serious crime must be won, and security must be restored throughout our country. In this respect, the government will now take back control. This alone is a task of such magnitude that many believe it is not even possible.”¹¹ The claim that fighting crime in Sweden could be infeasible might baffle international readers, but it is clear that this government sees something to be won from taking an extremely hard line. Some of the proposed measures on crime take such a hard line that they go further than many political watchers might have predicted, raising questions about constitutionality. The focus of the policies proposed in the TA is largely on so-called gang crime; while broadly aligned with several of the parties’ platforms, the TA makes a clear departure from Sweden’s previously liberal policies on civil liberties. Planned measures include:

- Potential constitutional changes to allow secret means of coercion/surveillance for means of crime prevention
- Deporting gang members who lack Swedish citizenship, even if they have not been convicted of a crime
- Introducing visitation zones, in which police can search people and vehicles for weapons
- Allowing anonymous witnesses
- Criminalisation of participation in criminal gangs
- Residence bans for criminals in certain areas
- Reforms to privacy legislation
- Reforms to allow greater penalties for young offenders
- Holding parents responsible for their children who commit crimes

Kristersson made clear that these proposals were central to the Government’s policy in his statement to the Riksdag, stating among other things that the Government would take more responsibility for young offenders and create special prisons for them, and noting the issue of violence against women and honour culture. The Government has made clear other specific plans for reforms of legislation, including naming begging (panhandling) as an illegal activity and launching an investigation on renting prison spaces abroad. Many of these provisions could be some of the toughest for the certain parties in the coalition, especially L, to swallow when the time comes to legislate. Some L members have made clear that certain crime proposals will not receive their support. Anna Starbrink (L), for example, has said that she will vote against any legislative ban on begging.¹²

⁸ Expected to be in place on 1 January, 2023

⁹ <https://www.dn.se/sverige/miljoministern-inte-orolig-over-sveriges-okande-klimatutslapp/>

¹⁰ <https://omni.se/widding-sd-klimatkris-saknar-vetenskapligt-stod-bra-att-farre-dor-av-kyla/a/KnnlXG>

¹¹ <https://www.government.se/4a9a17/contentassets/9c187813e7b3488ea595c9e28e241e5/statement-of-government-policy-2022-eng.pdf>

¹² <https://www.expressen.se/nyheter/starbrink-samvetsrostar-vill-stoppa-tiggeriforbud/>

Migration and Integration

Perhaps the most sweeping reforms to be expected are on the question of migration. The list of changes to be made per the Tidö Agreement is long, but the overarching theme is of a deep restriction on immigration. The four coalition parties have called for a “paradigm shift” on immigration in which the right to asylum is nominally safeguarded, but overall immigration to Sweden must be drastically reduced. The list of reforms is extensive and includes extending the residence period required to become a Swedish citizen, tightening rules on issuing residence permits for labour migration, and reducing asylum to only the maximum number of refugees required under EU and UN rules. Even visas for family reunification “must not be more far-reaching than what is prescribed as the minimum level,” despite historical support for generous family reunification policies in Sweden, not least from L and KD. The issue of family reunification has divided KD as many in the party see such proposals as inconsistent with Christian values and the party’s emphasis on children.¹³

Outgoing PM Andersson (S), however, has not distanced herself significantly from the new Government’s immigration proposals, although they represent in many ways a sharp turn from her own Government, which also oversaw a significant tightening of immigration policy compared to the Reinfeldt (M) administration. Andersson said in October 2022, “There is no doubt that we should have strict migration legislation. The paradigm shift took place already in 2015, and we implemented it.”¹⁴ Andersson was apparently referring to the S-led Government’s decision under her predecessor, Stefan Löfven (S), to implement checks at the border with Denmark temporarily to stem the flow of Syrian refugees into Sweden at the peak of the influx. But her words, perhaps inadvertently, give cover to more liberal members of coalition parties who may be reluctant to pass stricter migration legislation. They can now justify their support for TA provisions on the basis that cooperation with S would anyway have led to a so-called “paradigm shift.”

L did get some concessions, such as basic protection of the right to seek asylum. Some concessions are also more ambiguous: while SD campaigned on eliminating the right to asylum based on being LGBTQ, this status is safeguarded in the TA - but the agreement contains vague language on strengthening procedures for LGBTQ and religious convert asylum-seekers. Nonetheless, these signs of bargaining indicate that support for the immigration policy can be sustained throughout the mandate period.

Some of the most controversial elements of the Government’s new policies on migration have to do with integration, not immigration - especially provisions on deportation and non-native born Swedes. The TA calls for deportation to be introduced based on “poor moral character” (*Sw. bristande vandel*); a list of examples of actions that constitute poor moral character includes prostitution. That proposal drew particularly sharp criticism from Annie Lööf, leader of the Centre Party, who denounced the parties’ decision to characterise prostitution as poor moral character when selling sex is not illegal in Sweden, although purchasing is.¹⁵ Other controversial positions include a proposal to strip dual citizens of their Swedish citizenship if they commit “system-threatening crimes,” which the TA does not define, and the encouragement of repatriation.

Not least among the potential political pitfalls are eventual negotiations over the TA’s provisions on borders. These provisions include investigating and proposing constitutional amendments and other measures if needed to “combat irregular migration at the borders and cross-border crime,” as well as constitutional amendments to give the Government the power to reintroduce identity checks for transport into Sweden by bus, train, and passenger ship.¹⁶ Richard Jomsof (SD), Chair of the Riksdag’s Committee on Justice, has said that the question of border controls is central to the TA and that he expects them to be implemented fully, and even L is contemplating accepting permanent border controls into Sweden from neighbouring states.¹⁷ Such controls would almost certainly violate Sweden’s obligations under the Schengen Agreement, incorporated into the Amsterdam Treaty, which makes internal border controls illegal for Member States of the European Union.

While these reforms that require constitutional changes may be the hardest to implement, we would expect that most of the migration projects will nonetheless be adopted quite rapidly. SD will meet with the Government every week to go over progress on implementing migration reforms specifically. This degree of involvement speaks volumes about

¹³ <https://www.svt.se/nyheter/inrikes/kd-vill-skarpa-krav-for-familjeaterforening>

¹⁴ <https://www.expressen.se/nyheter/andersson-tar-inte-avstand-fran-nya-flyktingpolitiken/>

¹⁵ <https://twitter.com/i/web/status/1585285448053710850>

¹⁶ <https://www.xn--tidavtalet-gcb.se/wp-content/uploads/2022/10/Tidoavtalet-Overenskommelse-for-Sverige-2.pdf>

¹⁷ <https://twitter.com/RichardJomshof/status/1583079294775209986>

SD's seriousness in ensuring their priority agenda is locked into place as swiftly as possible. The Government has even suggested reforms will all be made in one mandate period, only to become stricter after 2026. Maria Malmer Stenergard (M), Minister for Migration, has promised that it is important to implement the entire package of reforms in one mandate period: "We will get through most of it. Though we don't see ourselves as finished with this area, this is the priority in the first years. I foresee that it will continue to be a priority to follow up on this area during future terms of office."¹⁸

Schools

Perhaps because the Social Democrats drove the issue of profit in schooling during the campaign, the governing parties and SD have now decided to increase standards without eliminating the profit motive. Provisions included in the TA include adjustments to curricula, hiring more special education teachers, and other reforms including potential constitutional changes to allow schools to increase teaching hours or school days for students who are deemed to be in need of additional education and to allow teachers more freedom in dealing with students. While the right-wing parties have surely not abandoned the market liberalism unique to Sweden's school system, they have proposed some changes in this area, including proposed limitations on profit distributions for new independent schools in the initial years after they are created, recovering fees paid when school officials commit crimes, increasing rules on financial transparency for schools, and enhancing regulation on education quality. Ultimately, the schools projects in the TA are likely to be among the least controversial in terms of driving wedges between different political factions, even if the changes are likely to have significant effects on individuals and families and to be a source of consternation or appreciation for voters. Schools have not been a top issue for SD beyond certain points about Swedish language and culture and leveraging schools to detect or prevent gang criminality. Thus, they are unlikely to be a dramatic policy area, regardless of the extent of reforms in the TA.

Growth and household finances

The final section of the TA combines a mixture of economic policies and demonstrates how the parties have compromised. Many of the provisions included focus on predictable conservative or (neo)liberal economics, including reducing the tax burden for companies, investigating how to reduce high taxes in municipalities, and reducing taxes on investment savings accounts. The TA does, however, contain some concessions from the more economically right-wing governing coalition to SD, which retains some elements of social democratic economics. Chief among these compromises is the agreement to retain the current level of the basic unemployment insurance (*Sw. a-kassa*), which Kristersson called "a clear and big loss for the Moderates," but declaring, "I can live with that."¹⁹ The projects outlined in this area have an overall emphasis on reducing unemployment and getting people into work, for example by providing tax incentives to employers who hire long-term unemployed people. M has sacrificed a core economic policy to make a concession to SD, and the Government can therefore claim that L are not the only ones who have had to pay a particularly high price for their ministerial positions. Moreover, the economic projects outlined in the TA are clearly closely linked, at least implicitly, with the Government's broader policy of speeding up the pace of integration by getting migrants into the workforce as quickly as possible.

What about foreign policy?

The TA mostly skips over foreign policy, except where international cooperation or coercion are occasionally relevant to crime and immigration, for example by linking aid conditionality with the return of migrants. Foreign policy has not been the focus of cooperation, although the TA does promise that parties outside the Government - i.e. SD - will be informed about content of EU matters before they are taken to the Riksdag. Combined with SD's chair of the Riksdag committee on foreign affairs, the party has far more extensive influence in this area than was perhaps expected. Kristersson's statement to parliament made clear what some of the Government's foreign policies will be, however, but it is an area that remains largely nebulous.

Foreign aid has been decoupled from GNI, meaning that Sweden's 1% goal is now abolished. Instead, Kristersson has promised, "It is results that will be calculated, not a disbursement target." Clearly, the sum is going to be lower as a percent of GNI. According to Tobias Billström, the new Minister for Foreign Affairs, this means "getting more bang for the buck."²⁰ The Government also plans to divert funds from multilateral organisations to civil society, to increase aid

¹⁸ <https://www.dn.se/sverige/migrationsministern-om-tidoavtalet-allt-ska-genomforas-under-mandatperioden/>

¹⁹ <https://www.aftonbladet.se/nyheter/a/0QQ4p6/tidoavtalet-ar-klart-hogerpartiernas-nya-avtal>

²⁰ <https://www.ui.se/utrikesmagasinet/intervjuer/billstrom-optimistisk-om-turkiskt-godkannande/>

for Ukraine, and to focus on particular thematic aid priorities over others, including democracy promotion and counteracting irregular migration.

Another considerable change is the Government's emphasis on the EU as "Sweden's most important foreign policy platform", shifting from a more global focus after the governing parties had been rather critical of S for prioritising, in their view, the UN. The Government will appoint a new national security council as well to coordinate policy and develop an overarching strategy. In other areas, things seem more stable. The Government promises to continue the path to NATO accession. Billström has emphasised that he is working in lock-step with Finland to understand and satisfy Turkish demands to ensure that the two Nordic states enter NATO in tandem. And while Kristersson called China's threats of military force in Taiwan "unacceptable," he has not indicated further that the Government might recognise a Taiwanese state separate from the People's Republic of China. M had indicated that it might take provocative steps towards China, including establishing a new diplomatic outpost in Taipei, which we discussed in last month's issue. So far, however, the Government has not proposed such changes. "I do not rule out that we will go through and rethink this China strategy that the Riksdag has decided on," said Billström, who acknowledges the difficulties of balancing economic interests with principles in dealing with China.

Ultimately, however, the Government has not really made clear what it wants to do in terms of foreign policy, not least with regards to the EU. Yet Sweden assumes the Presidency of the Council of the EU in less than two months' time. While it is not likely that changes in foreign policy will break up the coalition - perhaps aside from questions of internal border controls threatening Sweden's place in the EU, of which L is particularly fond - there is also not much substance yet to the Government's foreign policy. It is clear that support for Ukraine unites all of the parties, as does a shift towards a harder line on China, but other questions remain unanswered. Preparations will have been made for the Government to assume the Presidency, and Sweden takes over, as we cover in another article in this edition, at the end of a trio presidency.

Comment

Sweden is in for a tumultuous four years. If the TA holds, the reforms proposed within will amount to some of the most sweeping legislative changes in Swedish history. Indeed, the fundamental definition of Swedishness is subject to reinterpretation in changes to citizenship law, constitutional amendments could be on the table, and even moves towards a potential conflict with Sweden's obligations as an EU member.

Ultimately, though, it seems the four parties in power were so busy figuring out how to cooperate on a few controversial issues that they forgot how to govern on the other issues. The TA - and the Government's statements and publications to date - do not make very clear what visions the Government has for Sweden and the world going forward. This position may become untenable if the parties are unprepared for their EU Presidency, or if they want to be taken seriously as leaders in certain policy areas in international fora.

It also remains to be seen how the parties cooperate in other policy areas, particularly those needing to be included in the state budget, which will be presented on 8 November, and how they will prioritise funding for policies in the Tidö Agreement. It is already clear they are willing to step up funding to advance TA priority areas, for example by increasing funding for the justice system by 1.4 billion SEK, mostly to hire 10,000 more police officers,²¹ and moving toward increasing funding for schools by 5 billion SEK over the next five years.²² Elisabeth Svantesson (M), Minister for Finance, echoed her boss in warning that tough economic times lie ahead, and she claims the budget will use fiscal policy to tame inflation and the cost of living crisis facing households.²³ With most disclosures so far related to increasing spending and the TA's numerous provisions on reduced taxes, however, it is challenging to see how Svantesson could use fiscal policy to curb inflation. If major cuts happen in areas not yet agreed by the four parties, it will be interesting to see who is willing to sacrifice what to maintain the coalition.

²¹ <https://www.svt.se/nyheter/inrikes/regeringens-satsningar-pa-rattsvasendet-presenteras>

²² <https://www.gp.se/nyheter/sverige/s%C3%A5-vill-regeringen-satsa-p%C3%A5-skolan-1.84697011>

²³ <https://www.regeringen.se/pressmeddelanden/2022/10/dyster-prognos-for-svensk-ekonomi/>

Sweden's New Radical Energy Politics

On 18 October, Ulf Kristersson (M) outlined his administration's Statement of Government Policy in the Riksdag. He made ending gang violence his top priority, second place was given to seeing off the impending recession, and then he said his third priority was to get Sweden "out of the energy crisis in order to reach our climate goals and return reasonable electricity prices to the Swedish people." If Kristersson was wondering how this would be received, he barely had a chance to finish his speech before protests and indignation began from what seemed like a 360° array of stakeholders. What then should be made of the Kristersson Government's energy and climate policies?

Arguably, it should not have been a big surprise that a Kristersson Government would make radical changes to energy policies. The Sweden Democrats (SD), Moderates (M), Christian Democrats (KD) and the Liberals (L) all campaigned independently - and were elected - on a platform of reinstating nuclear power. And nuclear power has the advantage of being both zero (or at least low, on a life-cycle basis) carbon, and despatchable. Many industry experts and even environmentalists see that nuclear has a role in the energy system of the future. What was less certain was what the new Government's attitude would be to wind energy. On the one hand, the Christian Democrats had been strong in their rhetoric against wind, or at least against the presumption that wind should be the go-to energy source for Sweden's future. The party's Facebook page included a post that said "...No one should be forced into wind power... We Christian Democrats protect a ... predictable electricity production that meets the climate challenge, that does not destroy our industry or household electricity prices. It can happen without the Green Party's endless steel forests of wind turbines."²⁴

But what was surprising about the Tidö Agreement (TA) was that it went further than allowing municipalities the right of veto within their district and defunded the expansion of wind power offshore, out of sight, or at least with a much diminished impact on citizens' vistas. How should this be interpreted? And does it mean that in codifying policies in the TA that the parties have stepped over the line from election rhetoric towards policies driven by sentiment and ideology? Ebba Busch says not. But the Kristersson Government has produced scant details for what will power Sweden in the decade+ that the country needs to wait until nuclear power can be built.

The Tidö Agreement and energy

What then does TA have to say about energy and climate? The goal is clearly described, as "to restore the electricity system so that people and companies receive stable and low electricity prices and to reduce emissions by increasing the efficiency of the transition." It sets out the process to do so via a number of points;

1. Conditions for investments in new nuclear power

The conditions for investments in nuclear power must be strengthened through special government credit guarantees amounting to SEK 400 billion

2. Investigate the restart of planned electricity production in southern Sweden

A thorough investigation of what would be required for the restart of Ringhals 1 and 2 should be carried out unconditionally and quickly

3. New energy policy goal

The energy policy goal is changed from 100% "renewable" to 100% "fossil-free" [meaning that nuclear is explicitly included in meeting this goal]

4. New rules for the electricity market

A new investigation into the design of the electricity market is added with the task of developing proposals aimed at ensuring that all power types have equal rules of the game as well as a system where support services required for a well-functioning electricity system are priced. [meaning that despatchable sources of electricity achieve a premium to reward their contribution to grid stability]

²⁴ <https://www.facebook.com/Kristdemokraterna/photos/a.10151594775323365/10158283198323365/>

5. Management of authorities, government works and new research direction

Vattenfall should immediately start planning new nuclear power at Ringhals and other suitable locations. New management of Vattenfall, i.a. through a new cabinet group, with the participation of civil servants, who are tasked with steering Vattenfall in a direction towards becoming a leader in the development of planable, fossil-free electricity production, with e.g. directive for the procurement of new nuclear power. The management of Vattenfall must take place according to the usual principles for the state's ownership management.

6. Legislative changes for new nuclear power

Legislative changes to enable new nuclear power. The prohibitions in the environmental code to allow new reactors in other locations than today and have more than ten simultaneously in operation are removed. The ban on restarting closed reactors must be removed. Necessary regulations must be urgently developed to create the conditions for small modular reactors (SMRs) to be able to be built and used in Sweden. Shorter permit process and fast track for new nuclear power.

7. Better conditions for cogeneration**8. Better conditions for hydropower****9. Wind power**

Wind power has an important place in the energy mix, but must be built on competitively neutral terms and with consideration for the environment and local interests. All new electricity production that strengthens the power system, and that contributes to a rapid expansion of the power system, is needed. The plan to have the electricity grid collectively subsidise the offshore wind power grid connections is stopped. The principle that whoever connects to the electricity grid must bear the costs caused by the connection must also be maintained at sea. [Svenska Kraftnät estimates the cost of the connections to be 30-42 billion to connect 40 TWh of offshore production, corresponding to a quarter of the current annual production.²⁵]

10. Solar energy

Within the framework of energy research, funds are set aside to develop methods to recycle spent solar cells

11. Energy efficiency

Proposals that during a transition period give households extra incentive to reduce their electricity consumption should be investigated and developed

12. High cost protection, support for energy saving and reduced electricity prices

High-cost protection for affected households and businesses as soon as practicable - with retroactive payment. The expansion of exporting electric cables, for example Hansa Powerbridge, should be paused until the price differences between the price areas have decreased significantly. The goal should be to create a better balance between electricity production and electricity use in different parts of Sweden, in order to thereby provide the conditions for more stable and lower electricity prices so that in the long term and after investigation, Sweden can become a unified electricity price area.

Multiparty negotiations make challenging external communications

One inference that may be drawn when analysing TA is that it was put together without much of an eye for how messages would be received externally. Possibly, this could be due to negotiations over the wording being agreed hurriedly, due to the time pressure to get an agreement within the time allotted by the Speaker. This is especially the case when it comes to the obvious mismatch between nuclear, which is given extra incentives and other forms of assistance, whereas renewables must compete on competitively neutral terms.

Point 5, referring to the governance of Vattenfall, also attracts attention. As the final sentence in this paragraph implies, there are usual principles for state ownership of companies, and Vattenfall has operated with its own Board that has been quite outspoken about the company's view of the commercial attractiveness of nuclear energy. Not only does the company say that it is simply infeasible to restart Ringhals 1 & 2²⁶, but one member of the Board is openly hostile to nuclear energy, on the grounds that it makes little commercial sense. Therefore, the assumption must be

²⁵ <https://www.svk.se/press-och-nyheter/press/svenska-kraftnat-bygger-ut-transmissionsnatet-till-havs---3325128/>

²⁶ <https://newsroom.notified.com/news/178298/28-october-2022>

that a new Board must be put in place that can be trusted to deliver the Government's instructions. The need for civil servants to help administer the company is also unusual. Possibly this is to ensure that the Government has visibility into the internal decisions being made by Vattenfall.

Point 12 has a nationalistic theme. Sweden is currently the biggest exporter of power in Europe. This comes at a time when European solutions are being called for that enable more network capacity to move energy from where it is available to areas that are suffering shortages, halting the Hansa Powerbridge from Sweden to Germany means that the power will be available at a lower price for Swedish households and industry. Meanwhile, the 4 price areas within Sweden were established to create economic incentives to build power generation and transmission where it was needed. Unifying the price areas therefore removes that system, but with the benefit of being able to demonstrate to the electorate that Swedes are benefiting from Swedish energy.

Stakeholder responses to the Tidö Agreement: Dismal

Industry stakeholder responses, or at least those communicated in Sweden's main papers have been largely negative. Amongst the critique from experts were;

- Daniel Gustafsson, Head of the Power System department at Svenska Kraftnät: "The economic deterioration combined with the uncertainty that such a large and sudden change in the rules of the game would create among investors means that many of the planned offshore wind projects will probably not come to fruition."²⁷
- Jesper Kühn Olesen, Project Director at Ørsted: "All countries with a coastline are looking at how offshore wind can become an important part of the energy mix. Sweden questions whether they want to be part of that journey." ... "We must have stable frameworks. This raises the question of which direction Sweden wants to take, and what should happen here and now. And we as developers and investors are left with uncertainty."²⁸
- Anna Borg, CEO of Vattenfall: The company's multibillion-dollar project at Krieger's flat could be in danger if the grid expansion is halted. The project, with an expected annual production of around 2.6 TWh, received permission from the Government almost six months ago, but no investment decision has yet been made. "It naturally increases the cost of that project, so we have to look at how it works."
- Tomas Kåberger, Professor of Industrial Energy Policy at Chalmers University of Technology, and also sitting on Vattenfall's board, as well as being one of the drivers of the electricity market reform in the 1990s: "I simply don't think they understand what they are writing."²⁹ Asked whether he sees a risk that the state may incur large costs through Vattenfall, which will not appear in the budget? "Yes, that is the point of those writings. If Vattenfall does unprofitable things because someone decides to do so, not as much money will come into the treasury." [the Government has the ability to avoid costs in the State budget, by directing Vattenfall to take sub-economic decisions]

The offshore wind industry and the energy market are complaining about three fundamental issues. Firstly, there is a general frustration that after some years of lobbying, the previous government created a system that incentivises wind developers, and the new government is changing the rules of the game, as the industry is approaching their final investment decisions. Whatever any new system brought in to replace it, the industry faces delay and uncertainty. Secondly, some question whether large investments into offshore wind will be made, given that private investors would not be getting assistance from the state in terms of grid connections. Thirdly, and perhaps most ominously for the Government, Kåberger, one of Sweden's leading energy market authorities, apparently questions both their competence and fidelity.

With that said, it may be unsurprising that the wind industry is against changes that reduce public subsidies to their industry. Nevertheless, it is challenging to identify stakeholders who are in favour of the changes. Vattenfall has both nuclear and renewables production, and is cool to being told to invest in nuclear. Its CEO, Anna Borg, notes dryly that the company is "initiating a feasibility study looking at the conditions for building at least two small modular reactors ... Knowing this we can't afford to exclude any fossil free options. Look forward to see the outcome of this study"³⁰

²⁷ <https://bit.ly/3sTKOs3>

²⁸ <https://www.dn.se/ekonomi/darfor-tvivlar-utlandska-vindkraftsattar-pa-sverige/>

²⁹ <https://www.dn.se/ekonomi/energiexperten-om-tidoavtalet-de-forstar-inte-vad-de-skrivit/>

³⁰ <https://bit.ly/3zHsXbP>

Meanwhile Kåberger, who is on the Board, dismisses the proposal to build more nuclear power as “financially hopeless”.³¹

One positive comment came from the owner of the old Barsebäck nuclear plant, which is being demolished. CEO Åsa Carlsson says that “There are positive signals coming from the new Government”.³² Also, the CEO of OX2, a wind power developer, says that he “sees no threat whatsoever,” from the new policy.

Further reforms proposed for the fuels market

Nine days after the Tidö Agreement was announced, the Government proposed that it would make, via the budget, a small 80 öre/litre reduction in the fuel tax in 2023, and in 2024 for a massive relaxation of the “reductions obligation” (*Sw. reduktionsplik*), from the current targets of 7.8% for gasoline and 30.5% for diesel to the EU minimum of 6%. This is expected to have huge savings for motorists, reducing the price of petrol and diesel by 6.50 and 10 kronor per litre. Undoubtedly, this policy will find support from millions of motorists, especially those in country areas with long distances to commute. However, it has been met with fierce opposition from climate groups. A report published by WWF, ClimateView and the Swedish Society for Nature Conservation amongst others says “The new Government’s climate measures could increase greenhouse gas emissions by up to 25 million tonnes during the mandate period, compared to the current climate policy.”³³ And it was the fuels policy that led to the comparison to Hungary in the introduction, with Mikael Carlsson also saying “It’s so extremely bad, I don’t know if it’s possible to be that bad.”³⁴

The Government is having none of this. Newly appointed Minister for the Environment, Romina Pourmokhtari (L), stressed that the Government had not lowered any ambitions about the Riksdag’s proposal to reduce emissions from transport. “We have not lowered any ambitions. We will work very hard to see what small measures we can take to get both industry and people to change at the pace we want.”³⁵

The Holy Trinity of energy choices gets a fourth amigo: Timeliness

Two decades ago choices about power sources were generally made based simply on local economics and with the assumption that the solution would be reliable.³⁶ Consumers wanted to be able to turn the lights on as they wanted, and industry wanted cheap power. As consciousness about global warming has increased, the need for low carbon energy sources has grown dramatically, and as the main incremental sources of renewables are wind and solar, which both suffer from being dependent on the weather, the energy industry has thought of the solution set as a Holy Trinity - trade-offs need to be made between costs, the drive for zero carbon and reliability. Until quite recently, relatively little attention has been given to how long it takes to build new power generation. In Sweden, that changed about two years ago, when it became clear that massive new green industries were keen to establish themselves in Sweden, and the country needed to think through how to build sufficient energy to power this green industry.

The Löfven and Andersson administrations were working through this issue. But the Ukraine war underlined the issue of the timeline to build different sources of energy, when, almost overnight, Russian gas was shut off (quite literally overnight, when the Nord Stream pipelines were destroyed). Suddenly, Sweden, like the rest of Europe, found that it needed to build new power urgently. Now choices become much harder, as four independent parameters needed to be managed. Illustratively, the right side fought the election on the basis that it would introduce nuclear energy to solve Sweden’s power needs. This was apparently part of their success in winning an extremely tight contest. What the electorate (arguably) failed to fully appreciate during the campaign was that the timeline for nuclear power would do nothing to resolve Sweden’s current predicaments of high prices and the risk of shortages.

Is nuclear energy cheap?

Older generations of Swedes have tended to think fondly of their nuclear plants. It is certainly true that for decades Sweden had stable supplies of cheap and plentiful power at a time when the majority of the grid’s needs were served by nuclear and hydro. This generation of Swedish nuclear plants built in the 1970s and 80s³⁷ were built by the state

³¹ <https://www.etc.se/ledare/iden-att-bygga-kaernkraft-aer-ekonomiskt-hopploes>

³² <https://www.svt.se/nyheter/inrikes/barsebacks-agare-vill-bygga-ny-karnkraft-kommer-positiva-signaler>

³³ <https://bit.ly/3FHQltt>

³⁴ <https://www.aftonbladet.se/minekonomi/a/VPPA34/mikael-karlssons-ilska-mot-bensinforslaget-skammer-ut-sverige>

³⁵ <https://bit.ly/3FHQltt>

³⁶ Admittedly, there have also been both (a) an ideological element about whether nuclear power was safe or not, but that has generally been an on/off decision made at country level and (b) elements of energy security

³⁷ https://en.wikipedia.org/wiki/Nuclear_power_in_Sweden#History

and the capital costs were largely depreciated. Additionally, the costs of nuclear plants have risen significantly since Sweden last built one. The question of what it would cost to build a new nuclear plant in Scandinavia today was recently considered by Aalborg University in Denmark³⁸. The study looked at the 3 nuclear plants built most recently in Europe - Hinkley Point C in the UK, Olkiluoto 3 in Finland and Flamanville 3 in France, and found that today's costs for building and operating over the lifetime of the plant were 70-80 EUR/MW. In comparison, the same study cited that offshore wind can be built for 45-50 EUR/MWh. In other words, nuclear power was found to be 55-60% more expensive than building offshore wind.

How much new power does Sweden need?

Sweden's power demand has been relatively stable over the last 20 years.³⁹ But, according to the long-term market analysis by Svenska Kraftnät this is poised to change dramatically.⁴⁰ The report published in May last year wrote that "estimates for the annual average demand vary between 180-225 TWh of electricity including losses, thus a large increase compared to today's approximately 140 TWh. At the same time, new investments are regularly introduced, which often mean an even greater need for fossil-free electricity. In November 2020, for example, LKAB presented a plan to change its operations over a 20-year period to produce carbon dioxide-free so-called sponge iron instead of iron ore pellets. The investment is estimated to result in increased electricity use of 55 TWh, of which 12 TWh corresponds to the electricity demand for SSAB, which is included in the roadmaps ... [And] H2 Green Steel plans to invest SEK 25 billion in a plant for the production of fossil-free steel with an estimated electricity demand of 12 TWh per year from 2026. There are several uncertainty factors regarding future electricity demand ..."

Again, to put it simply, demand is ready to explode. But that will not happen if industry does not find new power production that commits to supply green factories. In the short term, Sweden will survive because it exports around 30TWh p.a., but as new domestic sources of demand are added exports will decrease and the market price will increase. A supply crunch looks inevitable.

Market validation

In order to better understand the reality of energy development, Mundus spoke with Christophe Desplats-Redier, Regional Director Europe at NEOEN, a French independent power producer of exclusively renewable energy (onshore wind, solar and battery storage). His comments add insight into the decision-making process of energy developers and also recent market dynamics;

- The economics of onshore wind are marginal. Today a project taken to Final Investment Decision might show an IRR⁴¹ of 6-9%. Given the risks involved in project development, including that it takes 5 to 7 years to develop (before the construction starts), this makes it challenging to get new projects approved.
- Development economics for renewables have deteriorated significantly over the last 18 months due to the inflation of project costs by 30-50%, and with interest rates rising for project financing from around 3% to 6%. While the spot and shorter-term maturities for power prices have increased dramatically [hence the political debate about renewable windfall taxes], expectations for long-term prices are not that high.
- NEOEN does not develop offshore wind, so while it was challenging to comment specifically, it understands that it takes around 10 years to develop offshore wind projects, and they come with technological and political risks.
- Solar is increasingly attractive. Solar can be developed with a LCOE (Levelized Cost Of Energy) reaching grid parity in southern Sweden. The economics of solar are currently lower than wind. However, projects are less risky, taking just 2-4 years to complete development. Given expectations for falling PV and development pricing, returns on solar plants are expected to improve.
- If the Government decides to decommission nuclear production in Sweden, as planned, then the next few years will be challenging in terms of supply and demand.

³⁸ https://vbn.aau.dk/ws/portalfiles/portal/491533150/Fakta_om_atomkraft_final.pdf

³⁹ <https://bit.ly/3DzY89T>

⁴⁰ <https://www.svk.se/siteassets/om-oss/rapporter/2021/langsiktig-marknadsanalys-2021.pdf>

⁴¹ <https://www.investopedia.com/terms/i/irr.asp>

- Desplats-Redier's view is that the Swedish Government should be more active in helping the permitting process in general for wind and solar which are technologies that will bring energy the quickest. Large scale solar is very interesting as it is generally produced in the south of the country (SE3 and SE4) which is where most of the consumption is in Sweden, it is very complementary to wind energy as production happens mostly in summer (versus in winter for wind) and with less visual impact.

Comment

The issues of energy and climate are almost infinitely complex, as supply, demand, economic trends and geopolitics interact, making an analysis like playing three dimensional chess. Nonetheless, Mundus does believe that conclusions can be drawn.

It starts with the right block's nuclear conviction, which seems to be based partly in ideology and partly in politics, in that this was an easy story to sell to the Swedish electorate. True, nuclear is plannable, and a number of other countries are also starting nuclear programs. However, given the higher costs and the expected timeline for completion of 10-20 years, whatever issues that Sweden faces today with high prices and intermittency will have been resolved by the time that the nuclear plants are commissioned. Perhaps this will be by industry having located elsewhere in the world.

Secondly, and because of this, the Government appears not to have fully understood yet its need for wind energy to cover the gap. It can be assumed that the senior politicians understand that Sweden has a large amount of exports that can provide a buffer if renewables are not built at a sufficient rate to supply new industries that want to develop in the short term. This is probably captured in Kristersson's statement that his philosophy will be robust and "stand-up for Swedish interests".

For the medium term Sweden must build urgently if it wishes to show to the world that its contribution to climate change is by being a country-sized incubator for clean technologies. One might speculate that the energy parts of the TA were driven by election promises and the dynamics of closing a deal to govern in just a few weeks. With many other elements to land, it could also be that the leaders' understanding of project economics for renewables were not up-to-date with the deterioration caused by capital cost inflation and higher interest rates. If this was the case, then it would explain the decision to make wind compete on neutral terms. Some projects may go ahead anyway, but not as many, and with further delays. So, it is likely that there are already conversations between politicians, the ministries and industry seeking to clarify the facts and negotiate a new settlement that delivers wind energy.

The decision to reduce the *reduktionsplikt* to EU minimums will clearly resonate with motorists, and should also help with inflation. But, this comes at the cost of an inevitable failure to meet Sweden's 2030 climate goals. Probably it will be argued that the goals need to be changed. That Environment Minister Pourmokhtari explains her Government's policies as "work very hard to see what small measures we can take" is curious. It does little to deflect the outrage and the accusations from concerned Swedes that the country will be damaging its international reputation.

More broadly, the Government has had a poor start at managing energy politics, offside green groups, economists and parts of industry. That said, there are elements of its ideas that can make sense. *Reduktionsplikt* stood out as a policy with only one benefit - that of meeting the climate goals. It was a bespoke Swedish solution that has not yet resulted in any Swedish biorefineries being built, and took the country into a policy cul-de-sac with a unique biofuels solution which Europe frowned upon. The idea to incorporate the Environment Ministry into Energy and Industry can help to streamline project development. And, while the new super-minister for this Ministry, Ebba Busch has not yet identified how she will ensure that Sweden reaches its environmental goals at a reasonable cost, she will now have the resources of government available to her, and says she is open that Sweden should have more wind. And perhaps, given that solar is less politicised, the Government can find ways to speed up development to supply southern markets in 2-4 years.

It will be interesting times as the Government develops a plan for its energy and industry, while it manages conflicts caused by the very different philosophies of right-wing and the EU Presidency could make for further contentious decisions. This may require some adjustments for international observers used to a less confrontational Sweden.

The Influential Shadow

When Ulf Kristersson (M) stepped over the threshold of Rosenbad on 18 October, he was closely followed by a number of people due to become some of Sweden's most powerful civil servants. With every change of government, there are a large number of important political posts in the government offices - ranging from State Secretaries to press secretaries and political advisors - that need to be filled. Below, we give you insight to the people in power in the new Kristersson administration.

When Ulf Kristersson and his newly appointed cabinet ministers walked across the Norrbro bridge to their respective ministries following the formal change of government at the Royal Palace, each of the ministers was followed by a handful of people due to become very influential individuals – the so-called “policy professionals.” Policy professionals represent a growing group in Sweden, which currently numbers between 2,000 and 3,500 people. They are often political scientists and economists educated in Stockholm and Uppsala. Recruitment is quick and informal especially to a higher political level, like to the government offices. And once inside a political block or organisation, they don't usually move between blocks or organisations with conflicting interests.⁴²

It was in the 1990s that Sweden started to see new structures emerging around politicians and decision makers: political advisors, communicators and policy experts appeared without there being any real public knowledge about these new professionals. Prior to the 1994 referendum on EU membership, PR agencies began to influence government practices. The well-funded ‘yes campaign’ sought help to get their message across by PR agencies. However, there are earlier examples from Sweden's political history: Tage Erlander, Prime Minister between 1946 and 1969, appointed political advisors to his closest group to serve as a sounding board and discussion partners – among them Olof Palme.⁴³

Since then, the number of policy professionals has grown, especially in the last 10-15 years. “The group's growth in Sweden is a symptom of the political parties crisis with falling membership numbers. The political advisors and communicators see this job as an alternative channel, a way to express themselves politically without subscribing to the entire package,” says Stefan Svallfors, Professor of Sociology, who has led several research projects on policy professionals.⁴⁴

The policy professionals are found in the ministries, but also on a local and regional political level where their influence is considerable. Approximately 4,500 people work within the Government Offices, of which around 200 are politically appointed. These days, a cabinet minister is, on average, surrounded by eight to ten of these professionals. Each minister has a staff made up of state secretaries, press secretaries and political advisors. They form the political leadership of the ministry and have great influence over which issues are confronted and driven forward, even though they work in silence and with unclear mandates, according to Stefan Svallfors.

When a change of government takes place, those who are politically appointed leave, while the civil servants continue the work. The non-political civil servants thus have a special responsibility. They must serve the government in power regardless of political colour.

One of Ulf Kristersson's first communicated decisions after the election victory was to keep Magdalena Andersson's State Secretary Oscar Stenström (S) as NATO negotiator. There are also rumours that Lars Danielsson - who is Sweden's EU Ambassador in Brussels - will remain in charge of the Swedish presidency of the EU this spring. But the Ministry of Foreign Affairs faces a potential "major clean-out" now that Kristersson has taken office. Many of the civil servants scattered all over the ministry are in theory apolitical, but after eight years of social democratic leadership many are seen as having a clear political agenda. Among them, there is reportedly concern as to what will happen with their jobs after the Kristersson administration has moved into Rosenbad.⁴⁵

⁴² <https://bit.ly/3UfSHUj>

⁴³ Niels Selling ,Stefan Svallfors: *The Lure of Power: Career Paths and Considerations among Policy Professionals in Sweden*, Politics & Policy, Vol 47 (5) (2019): 984-1012

⁴⁴ <https://skolvardn.se/artiklar/granskning-sa-kopplas-politiken-och-skolkoncernerna-ihop>

⁴⁵ <https://www.svd.se/a/qE0gQB/vad-sker-med-de-illojala-tjanstemannen-pa-ud-nar-sd-far-makt>, <https://www.dn.se/sverige/efter-brevdrevet-pa-regeringskansliet-i-dag-ar-tjanstemannen-tysta/>, and <https://www.dn.se/nyheter/politik/ud-chefen-som-ledde-namninsamlingen-det-var-inget-upprop/>

The revolving door

The cabinet minister is the public face - but behind them are unknown power holders - the state secretaries - who will ensure that the Tidö Agreement becomes a reality. They are influential, work in silence and heavily involved in policy making. The state secretaries are the ministers' closest collaborators, a kind of 'chief operating officer' for the ministries. They are both administratively responsible for the ministry but also political advisers to the minister. They are the ones who are supposed to drive the legislative process forward and often have the main responsibility for negotiations with other ministries.

A third of the newly appointed state secretaries are policy- and lobbying professionals that have worked for PR agencies, interest organisations and think tanks.⁴⁶ These include Dan Ericsson, State Secretary to the Minister for Rural Affairs Peter Kullgren (KD), who has been named 'Sweden's most powerful lobbyist' for his work as partner at PR agency Diplomat Communications; Karin Svanborg-Sjövall, State Secretary to Minister for Culture Parisa Liljestrand (M), who is a former CEO of the think tank Timbro; and Johan Britz (L), State Secretary in the coordination office at the Prime Minister's Office and a former director at the Confederation of Swedish Enterprise (*Sw. Svenskt Näringsliv*).

From government to lobbying

A few years after the Bildt administration left office in 1994, 36% percent of the policy professionals worked in various types of lobbying jobs, for example as communications or public affairs managers at companies or organisations

After the Social Democrats lost the election in 2006, 56% of the government's policy professionals took lobbying jobs

64% of the policy professionals in the Reinfeldt administration did the same⁴⁷

There are no rules or restrictions preventing lobbyists from becoming state secretaries. The only rules that exist are when state secretaries and ministers want to leave the Government Offices and take up, for example, a position in the private sector. In those cases, an independent authority, *Karensnämnden*, must assess whether such a transition is appropriate. If the transition is deemed inappropriate, the person may be subject to restrictions, which is very rare.

When politicians or public officials leave their posts and move to companies or stakeholder organisations within areas over which they had considerable influence in their previous positions. How the 'revolving door' is dealt with for these types of high-ranking positions can be considered to have a major impact on confidence in the public sector. A number of motions have been submitted to the Riksdag on this issue, and several external bodies – both Swedish and foreign – have expressed the view that Sweden should introduce a regulation regarding, for example, a time quarantine.⁴⁸

Anna Skarhed, former Chancellor of Justice (*Sw. justitiekansler*), and today chair of Karensnämnden, is critical of the fact that lobbyists can take on high-ranking decision-makers in politics. "It feels like a worrying development. That lobby groups can gain influence at government level, in a way that we in Sweden have not seen before. But this is the consequence of a development where the influence of economically strong groups on politics is the new normal," she told Dagens Nyheter.⁴⁹ This is echoed by Stefan Svallfors who raises a number of concerns about politicians and policy professionals moving on to the lobbying industry. "I want to see ethical guidelines for this group. What is their position and responsibility? I also think we need transfer rules for how they can go from a public position of responsibility to other jobs, for instance in the private sector."⁵⁰

Others disagree. Peter Wennblad, editorial writer Svenska Dagbladet, argues that a lobbyist in a Swedish PR-firm is primarily an adviser. As such, they help companies and organisations to, for example, better understand the democratic system and how it works. They provide factual background briefs and analysis, formulate arguments and identify key persons to contact on issues of concern to their clients. This improves the interaction between businesses and organisations with state institutions. Wennblad writes that the fact that people use their political interest and

⁴⁶ <https://www.dn.se/sverige/har-ar-de-tidigare-lobbyisterna-som-intagit-regeringskansliet/>

⁴⁷ <https://skolvarlden.se/artiklar/granskning-sa-kopplas-politiken-och-skolkoncernerna-ihop>

⁴⁸ See e.g. <https://data.riksdagen.se/fil/A76CC0C1-5BCD-45DA-95FD-36378F358092> and https://eso.expertgrupp.se/wp-content/uploads/2013/07/2012_1-till-webben.pdf

⁴⁹ <https://www.dn.se/sverige/har-ar-de-tidigare-lobbyisterna-som-intagit-regeringskansliet/>

⁵⁰ <https://bit.ly/3UfSHUj>

commitment even outside of party politics is both good and inevitable: “Basically, it is no stranger than the fact that football players occasionally change clubs. Regardless of the arena, pitch or jersey colour, it's the same game. And it's part of the job to sometimes outwit your former teammates.”⁵¹

The influential shadow: Who's who

The Kristersson administration has so far appointed a total of 25 state secretaries - 17 men and six women. Below, Mundus presents some of the most influential shadows in the new government.

First out is **Johan Stuart**, who has been appointed one of the two state secretaries of the Prime Minister, Ulf Kristersson. As one of the Prime Minister's loyal allies over the years, Stuart's relationship with Kristersson goes a long way back. The two have worked closely together since Kristersson's time as a Vice Mayor (*Sw. Socialborgarråd*) of the City of Stockholm. Stockholm between 2006-2010. Since then, Stuart has served as both Press Secretary and Political Advisor to Kristersson. Until 2017, Stuart worked as a PR manager at Praktikertjänst AB, which is a company within the healthcare and dentistry sector,⁵² after which he took on the role as the Moderate party's Chief of Staff.⁵³ Many have described him as incredibly competent, while others have referred to him as “Ulf Kristersson's evil side.”⁵⁴ **PM Nilsson** will work alongside Johan Stuart as State Secretary to Ulf Kristersson. With his new position, Nilsson is given responsibility for the political planning with a focus on issues which the Prime Minister has identified as important for both the Government and the country, in the long-run. Due to his new obligation, PM Nilsson will leave his current position as Head of the Editorial Staff at Dagens industri, a position which he has held for ten years.⁵⁵ As State Secretaries to the Prime Minister, both Johan Stuart and PM Nilsson are now in one of the country's most important civil servant posts; a post oftentimes regarded as deputy head of government.

Next in line is **Jan Knutsson**, who has been appointed Cabinet Secretary to the Minister for Foreign Affairs, Tobias Billström (M). Knutsson comes from a background in diplomacy, having served as Ambassador to Saudi Arabia in 2016-2019 and most recently comes from the position as Ambassador to Switzerland. He has also, among other things, held the position as Head of the Permanent Representative of Sweden to the United Nations and other International Organisations in Geneva. Prior to his appointment in Geneva, Knutsson served as Director General for International Development Cooperation at the Ministry of Foreign Affairs between 2006 and 2010. Joining Knutsson at the Ministry of Foreign Affairs is **Håkan Jevrell**, who has taken on the role as State Secretary to the Minister for International Development Cooperation and Foreign Trade, Johan Forssell (M). Born and raised in Stockholm, Jevrell received his law degree from Stockholm University in 1997 before embarking on his legal career. Between 2007-2012, Jevrell served as State Secretary to the Minister for Defence, Sten Telgfors (M), after which he was appointed Ambassador to Singapore in 2013-2018. Since then, he has served as Representative at Business Sweden in Taiwan and most recently as Ambassador for Special Envoy on Organised Crime. Former Ambassador **Diana Janse** will also join Håkan Jevrell as State Secretary to the Minister for International Development Cooperation and Foreign Trade, Johan Forssell. Janse most recently comes from her position as Senior Fellow at the think tank Stockholm Free World Forum (*Sw. Frivärld*), whose purpose is to influence Swedish foreign and security policy.⁵⁶ She has previously been Ambassador to Georgia, Mali, Burkina Faso and Niger and served at the Embassy in Islamabad, with placement in Kabul, and the Embassy in Moscow. Earlier in her career, Janse, among other things, worked as Special Assistant and Advisor to the former Minister for Foreign Affairs, Carl Bildt (M), as well as foreign and security policy advisor for the Moderate Party. Another Senior Fellow at the Stockholm Free World Forum, Patrik Oksanen, has described Janse as “smart, knowledgeable, competent, nice, and tough with integrity and warmth.”⁵⁷



“Basically, it is no stranger than the fact that football players occasionally change clubs. Regardless of the arena, pitch or jersey colour, it's the same game. And it's part of the job to sometimes outwit your former teammates.”

PETER WENNBLAD, EDITORIAL WRITER SVD

⁵¹ <https://www.svd.se/a/zEAM19/vi-ska-vara-tacksamma-for-lobbyister>

⁵² <https://www.dn.se/sverige/har-ar-de-tidigare-lobbyisterna-som-intagit-regeringskansliet/>

⁵³ <https://www.svd.se/a/WRRa7Q/regeringen-presenterar-statssekreterarna-som-ska-sakra-tidoavtalet>

⁵⁴ <https://www.omni.se/har-ar-de-dolda-makthavarna-bakom-ministrarna/a/155wxj>

⁵⁵ <https://www.di.se/nyheter/pm-nilsson-lamnar-di-blir-statssekreterare-hos-ulf-kristersson/>

⁵⁶ <https://www.svd.se/a/WRRa7Q/regeringen-presenterar-statssekreterarna-som-ska-sakra-tidoavtalet>

⁵⁷ <https://globalbar.se/2022/10/bistandsministrars-nya-statssekreterare/>

From one ministry to another, **Peter Sandwall** has been appointed State Secretary to the Minister for Defence, Pål Jonson (M). With that, Sandwall has resigned from his role as Governor of Kalmar and will instead head towards Stockholm. In a press release on the Government's website, the Minister for Public Administration, Erik Slottner (KD) commented that "Peter Sandwall has a long and solid experience in public administration. In addition to his role as Governor, he has worked in the Government Offices and as Director General of the Swedish Armed Forces, among other things. His experience will be a great asset for the Government, for example in the work with the rapid and strong growth that the defence is now in."⁵⁸ **Johan Berggren** will enter the Ministry of Defence together with Peter Sandwall, but as Secretary to the Minister for Civil Defence, Carl-Oskar Bohlin (M). This will not be Berggren's first time in the Government Offices, as he's previously served as Chief Planning Officer at the Prime Minister's Office when the Reinfeldt administration was in power. He has also held the role as Political Advisor to the former Minister for Finance, Anders Borg (M), as well as the former Minister for International Development Cooperation (S). However, Swedish politics has not always been enough for Berggren, who back in the days turned towards UK politics instead in his role as Advisor to the former UK Prime Minister, Tony Blair.⁵⁹

Christian Danielsson, sometimes referred to as an "EU veteran," has been appointed State Secretary to the Minister for EU Affairs, Jessika Roswall (M), and will therefore leave his position as Head of the European Commission's Representation in Sweden, which he has held since September 2020. Prior to his time at the European Commission's Representation in Sweden, Danielsson served as Deputy Secretary General and Director General at the European Commission. Between 2008-2010, Danielsson served as Sweden's Ambassador to the EU.

Moving away from ambassadors and instead turning towards lobbyists, the Government has appointed **Dan Ericsson** State Secretary to the Minister for Rural Affairs, Peter Kullgren (KD). For many years, Ericsson has worked for the PR agency Diplomat Communications, which is an agency that helps clients with both lobbying and so-called media training. In 2012, Ericsson became Partner and Co-owner of Diplomat Communications, and was at the same time named one of Sweden's most powerful lobbyists. In addition, he came in fifth place in the magazine Resumé's competition "Lobbyists of the Year." In an interview with Dagens Nyheter, Ericsson was asked whether he finds it problematic that one of Sweden's most powerful lobbyists has become a holder of power in the Government Offices, to which he replied "I can understand why it might be seen as problematic. But, I have always kept a very clear line between different interests. If I work for one thing, then that is the only thing I work for." He further ensured that with the Government as his new employer, one can trust that it is with the Government that his loyalty lies.⁶⁰

However, Dan Ericsson is not the only new state secretary who's worked at Diplomat Communications. His former colleague, **Petra Noreback**, worked as a consultant for the PR agency until 2016 after which she became Chief Economist at the Christian Democrats. A position which she now will be leaving as the Government has appointed her State Secretary to the Minister for Social Affairs, Jakob Forssmed (KD). Another top name in the world of lobbying is **Sophia Metelius** who has taken on the role as State Secretary to the Minister for Employment and Integration, Johan Pehrson (L). Metelius most recently comes from her role as Senior Consultant at Kreab's office in Stockholm, which is an agency that has both expanded and opened offices in a number of countries. According to Metelius herself, her mission at Kreab was to spread information about "political decision-making processes within the Government Offices and the Riksdag."⁶¹

Karin Svanborg-Sjövall has been appointed State Secretary to the Minister for Culture, Parisa Liljestrand (M). Similar to many of her new colleagues, she comes from a background in lobbying. For over ten years, Svanborg-Sjövall worked for the think tank Timbro, whose purpose is to drive public opinion for market economy and free enterprise. During her time with Timbro she held various positions, including CEO. She has also, among other things, written several texts for the editorial page of the newspaper Dagens Nyheter. However, Svanborg-Sjövall is not new to the world of politics. Before the election year, she joined Ulf Kristersson's staff and has been a speechwriter for the M-leader during the election campaign. Between 2008-2010, she worked at the Government Offices as a political advisor at the Ministry of Education.

⁵⁸ <https://www.regeringen.se/pressmeddelanden/2022/11/peter-sandwall-lamnar-uppdraget-som-landshovding-i-kalmar-lan/>

⁵⁹ <https://www.altinget.se/rikspolitik/rss/71580>

⁶⁰ <https://www.dn.se/sverige/har-ar-de-tidigare-lobbyisterna-som-intagit-regeringskansliet/>

⁶¹ <https://www.dn.se/sverige/har-ar-de-tidigare-lobbyisterna-som-intagit-regeringskansliet/>

Daniel Liljeberg has become one of the two state secretaries to the Minister for Energy, Business and Industry, Ebba Busch (KD). Liljeberg most recently comes from his role as Chief Economist at the Christian Democrats, and Head of Social Policy at the Swedish Homeowners Association (*Sw. Villaägarnas riksförbund*), which is an interest organisation with an expressed goal to influence Swedish housing policy. During his time at the Swedish Homeowners Association, he expressed criticism against further expansion of wind power in Sweden. Corporate lawyer **Sara Modig** joins Daniel Liljeberg as State Secretary to the Minister for Energy, Business and Industry. She most recently comes from her role as CEO of Racing Shield at Richmond and Finch.

Together, **Johan Britz (L)**, **Per Swenson Claréus (M)**, and **Tobias Karlström (KD)**, have each been appointed State Secretary to the Coordination Office (*Sw. Samordningskansliet*) inside the Prime Minister's Office. The purpose of the Coordination Office is to coordinate policy and prepare government decisions between parties in a coalition government. Thus, they are the state secretaries who will probably negotiate the most with the Sweden Democrats.⁶² Until recently, Britz held the role as Director of Business Policy at the Confederation of Swedish Enterprise (*Sw. Svenskt Näringsliv*). Swenson Claréus has previously served as a judge at the Svea Court of Appeal, before he left the legal world for his role as Deputy Head of Secretariat for the Moderate party group. Karlström most recently comes from his role as Chief of Staff for the Christian Democrats' party leadership, but has also worked as Municipal Councilor in Täby, and held the role as CEO of Sanoma Utbildning and Medlearn.

Speaking of negotiating with the Sweden Democrats, the former member of the Moderate Party, **Gustav Gellerbrant**, who left M for SD ahead of the 2018 general elections, has been given the assignment to manage six of SD's officials in the Government Office whose responsibility is to ensure that the Tidö Agreement is followed. They have also been tasked to gain essential insights into the work that goes on. Since Gellerbrant took on a position within SD, his work has mainly consisted of preparing the party for a hold on power. He is described by his own people as the "architect" behind SD's current migration policy.⁶³

The Government has appointed **Jesper Ahlgren** as State Secretary to the Minister for Finance, Elisabeth Svantesson (M), with responsibility for budget issues. Between 2015-2016, Ahlgren held the role as Chief Economist at the think tank Timbro, after which Ahlgren took on the role as Chief Economist for the Moderate party.⁶⁴ On his Twitter account, Ahlgren commented on his new position as State Secretary to the Minister for Finance and referred to it as "his dream job for at least 15 years."⁶⁵ Joining Ahlgren at the Ministry of Finance is **Lars Hjalmered** who has also been appointed State Secretary. He most recently comes from a role as the Moderate Party's Spokesperson for Education and Research policy. He also served as Chairman of the Riksdag's Committee on Industry and Trade in the past term.⁶⁶

Carolina Lindholm has also been appointed State Secretary to the Minister for Finance, with responsibility for tax issues. Lindholm has been a graduate student at the Institute for International Economic Studies (IIES) at Stockholm university since 2018. She holds a Master's degree in Economics from Stockholm University and a MSc in Business and Economics from the Stockholm School of Economics, where she was awarded Female Economist of the Year in 2009. Before joining the IIES, Lindholm worked as a political advisor to the Ministry of Finance's budget office and as an economist at Pfizer pharmaceuticals. She has also served as Budget Manager for the Moderate Party.⁶⁷ Last but not least, the Government has appointed **Johanna Lybeck Lilja** State Secretary to the Minister for Finance, with responsibility for economic policy and international economic cooperation, making her Elisabeth Svantesson's fourth state secretary.⁶⁸ Lybeck Lilja has, among other things, worked at the Riksbank as Head of Division at the Financial Stability Department and as Adviser for EU Affairs. She left her position at the Riksbank in 2008, after which she took on the role as Special Adviser at the Ministry of Finance until 2009. In 2010, the Reinfeldt administration appointed her as State Secretary to the then Minister for Financial Markets, Peter Norrman (M). Since then, she has worked as an Executive Advisor at Nordea, been a Member of the Banking Stakeholder Group at the European Banking Authority, as well as a Member of the Advisory Committee of European Market Services at Nasdaq.

⁶² <https://www.omni.se/har-ar-de-dolda-makthavarna-bakom-ministrarna/a/155wxJ>

⁶³ <https://www.dn.se/sverige/han-bli-chef-for-sds-styrka-i-regeringskansliet/>

⁶⁴ <https://government.se/government-of-sweden/ministry-of-finance/elisabeth-svantesson/cv-jesper-ahlgren/>

⁶⁵ <https://twitter.com/ahlgrenjesper/status/1582446332224360449>

⁶⁶ <https://www.omni.se/har-ar-de-dolda-makthavarna-bakom-ministrarna/a/155wxJ>

⁶⁷ <https://www.altinet.se/nyttomnamn/lista-de-ar-nya-statssekreterare-paa-regeringskansliet>

⁶⁸ <https://www.regeringen.se/sveriges-regering/finansdepartementet/elisabeth-svantesson/johanna-lybeck-lilja/>

“European Solidarity to Continue” - Interview with the Czech EU Minister

The Czech Republic took over the presidency of the Council of the European Union (also known as the Council of Ministers) on 1 July 2022 and will at the end of December hand this over to Sweden. Mundus has spoken to the Czech Minister for European Affairs, Dr. Mikuláš Bek, about the progress and challenges of the Czech EU Presidency. These include the Union's support to Ukraine, on energy issues, common basic European values, continued union cooperation and the key importance of good relations and goodwill as the basis of everything that the EU stands for. Clearly there are a number of key EU issues that will have to be taken over by the incoming Swedish presidency in January 2023, that need further work and negotiations, especially continued European support for Ukraine during the first half of next year. More on that in next month's edition of the Monthly Policy Review.

On 25 October, Mundus International spoke with the Czech Minister for European Affairs, Dr. Mikuláš Bek, about the progress and challenges of the Czech EU Presidency. The meeting was conducted as a Q & A and the questions are identified as sub-headings below.

Ukraine fatigue or continued solidarity

Minister Bek says that while he sees some signs of fatigue and of political polarisation, there is very clearly a political will to continue strong EU support for Ukraine and this based on what EU member states have learnt from the Ukraine crisis so far. Europe may have to face a new wave of Ukrainian refugees this winter and will have to be prepared for this. Especially Russia's bombing of Ukrainian infrastructure may well result in additional refugees fleeing to EU member states. Europe will also have to be ready to assist neighbouring states, such as Moldova, since their national energy security has been really adversely affected by the war in Ukraine. So, the overall costs for the EU will increase at a time when member states already are hard-pressed economically. Thus, while EU solidarity with Ukraine will continue, member states may have to face increased challenges from right-wing parties, according to the Minister. It can become tougher for the Union to be united on continued military supplies and financial funding of Ukraine. It will still be of key importance to support Ukraine, even if the EU budget is unlikely to allow all the financial assistance to Kyiv that it really needs.

Within the Union, a coalition of those member states that are hardest hit economically by the war emerges. On this, the EU now has to be both realistic and sober and especially Ukraine's neighbours should understand the risks, Bek said. The Nordic and Baltic countries, as well as the East European member states know Russia and Ukraine well and should rally other colleagues on EU joint and continued support for Ukraine. So, clearly a challenging task also for the incoming Swedish “war presidency” to quote Sweden's former Minister for EU Affairs, Hans Dahlgren (S).

The European energy situation development

The Czech Presidency has been striving to complete the work on the legislative proposals from the “Fit for 55” package⁶⁹ and at the same time to steer the discussion on the pressing issues, such as high energy prices. This is clearly a very challenging situation and all wish it was already resolved, but there are differences of opinion as to how. There is a caution in messing with a market that has worked for three decades, however, new solutions are now needed. Czechia has advanced this agenda, but the Minister believes that the main work on market reform will need to be completed by Sweden.

While there is a nostalgia, in some camps, for a return to business-as-usual with Russia, this is unlikely to occur. Therefore, the EU's dependency on fossil fuel imports from Russia and the search for new gas suppliers and reducing European energy consumption will clearly have to be continued during 2023, initially during the Swedish Presidency. The search for solutions to help EU member states to overcome the coming winter and help to solidify its energy systems will remain priorities. This should include as swift development as possible of renewables and energy

⁶⁹ On 14 July 2022 the European Commission adopted the EU “Fit for 55” package to transform the European economy. The package of interconnected legislative proposals will align the EU's climate, energy, land use, transport and taxation policies with the target of reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels

efficiency measures. It will also require rapid development of more regasification and pipelines to move gas in new directions from the peripheries to central Europe.

During the Czech Presidency, three extraordinary energy Councils have been held so far, where agreements were reached on measures that should deliver enough gas to EU member states and ways to tackle the high electricity prices. Much good has already been achieved, with preliminary analysis showing that August and September EU gas consumption was around 15% lower than the average of the previous 5 years, in line with Council Regulations. And on 18 October, the European Commission proposed new legislation responding to the high energy prices and the need to get ready for the upcoming winter.⁷⁰

The Minister also noted and underlined that an important psychological shift had occurred. As a result of Russia's aggression, the "ideology" surrounding green energy and the climate transition had evaporated. Debates were now far more pragmatic, which means that yes, there will be more coal generation held in strategic reserves for several years, and there is also a more sober view of the need for nuclear power. But, this does not belie the need for a massive investment in renewables and the general goal of decarbonisation remains. As one example, he cited that even in Czechia one sees the ideological opponents of renewables understanding that this delinks a dependency on Russian gas. With ideological debates a thing of the past, the focus is on how to implement the massive number of new projects.

Development of Europe's defence and cyber security

Mikuláš Bek thinks that the need for these measures is growing and that it is clear that implementation of these policies are quite complicated. Positive solutions will take more time and effort, he says. This is why the Czech Presidency has already cooperated closely with Swedish colleagues. Prague is already sharing the details of these issues (or "files") with Stockholm, to enable the Swedish EU Presidency to be effective when it takes over the work in January. The EU, for example, needs more time to together develop joint European procurement of military materiel, but the political climate is already quite positive to such a measure, according to Bek. Again, some positive changes of mind on common defence and security issues have taken place, notably including the applications by Finland and Sweden to join NATO, he underlined.

The strategic resilience of Europe's economy

Bek met with Jessika Roswall (M), who is now Sweden's Minister for EU Affairs, already during last spring, so they will now continue their personal dialogue including on economic affairs. The European Commission has initiated the EU debate on critical raw materials and on trade policies and agreements which need new impetus. Czechia and Sweden can work hand in hand with other member states to drive trade questions, including on more EU trade agreements, the Minister said. This for example to promote European trade with Asian states. Environmental matters have complicated and delayed some EU trade agreements, but there is also a positive change of atmosphere in favour of more trade discussions and agreements in the future. Bek mentioned EU's trade agreement with Mercosur states in Latin America which was finalised in 2019, but remains in limbo ever since due to European environmental concerns over Amazon deforestation. Work has in the meantime been carried out on additional environmental safeguards that are meant to convince critics of the agreement and make the trade deal politically acceptable for approval and implementation.⁷¹

Ursula von der Leyen has been very clear on the priority of increased trade and the European Commission now invests more energy in trade talks which is seen as helpful, as are recent lessons learned from the war in Ukraine. Since one of the Swedish government's national priorities is the expansion of free trade, this could also be an additional impetus to more intensified EU trade talks on new European trade agreements. And Spain, another promoter of free trade, will assume the Presidency of the Council of the EU directly after Sweden 2023, which could ideally energise EU trade issues and talks with new future trading partners, something Bek mentioned to Mundus.

⁷⁰ https://ec.europa.eu/commission/presscorner/detail/en/IP_22_6225

⁷¹ Since at the time of writing Luiz Inacio Lula da Silva has been declared the winner of Brazil's 2022 presidential election, even if Jair Bolsonaro has not yet conceded, this could well facilitate the implementation of the EU-Mercosur trade agreement

Progress on the resilience of European democratic institutions

The whole debate on the rule of law is not an easy topic, according to Bek, but the answer is that it also has a hidden positive side to it. That is, we should also bear in mind the value of the debate on rule of law and democracy as such. For example, what effect has the European Council's debate on these matters had preventively on these key issues in Hungary and in Poland? The collective EU pressure is now, according to Bek, quite strong against regimes that are moving in an anti-democratic direction. Hungary was said to have improved in the direction that Brussels has asked for. However, this is of course not the end of the debate. Hungary will continue to receive some EU funding and there will be milestones set, followed by debate on whether they have been fulfilled, and so on. But Bek believes that the whole mechanism has value per se and that Budapest is changing its ways by at least some significant steps. So this is to be continued. The EU also faces problems in Poland in particular at election times. Rule of law and the protection of democratic institutions have now become a specific and important EU agenda item. The key will be to ensure that recalcitrant member states do remain within the common EU family. Nothing is black and white and there are, for example, many liberals in Hungary as in other member states. The important thing is not to push any member state towards a trajectory towards wanting to leave the EU, Bek wisely said.

On the growing strength and influence of European right wing parties

According to Bek, we can expect that the extreme-right will get stronger over the next couple of months. This includes in Czechia, where parties on the extreme-left and extreme-right together have received around 20% of the votes since the 1990s. Parties and their names may change, but in Czechia their combined support has not increased, which is positive. The next political event in Czechia will be the presidential elections in January, when one can see if this has changed in any way. However, it is clear that during the war in Ukraine extreme parties have become more visible in Europe.

A Mundus comment is that the incoming Swedish EU Presidency government now of course has the Sweden Democrats (SD) outside the actual cabinet, but negative political reactions have already been seen in the European Parliament to the Tidö Agreement. Even if SD is not engaged on foreign or EU policies in particular, there may be EU Council issues which may come to strain the Swedish coalition government during its EU Presidency term.

The Conference on the Future of Europe

This - and the proposal for a European Convention - was recently a topic for debate in the European Council mid October, Bek said. He underlined that it is clear that there is now unanimity in the EU Council, including among member states that support the proposed European Convention, that this issue should not be fast tracked. All in the Council agrees with delaying it. However, it should be said that the rôle of the Council is different from that of the European Parliament (EP), where the proposal originates. Therefore, the natural procedure would be to delay dealing with the Conference on the Future of Europe until after the next European Parliament elections and this has now to be discussed and agreed with the European Parliament. But, again, within the European Council there is no substantive consensus on the proposal.

But there is a new discussion emerging about a future change of EU voting procedures, which is just beginning. The idea is to possibly go from unanimity in the Council to a system of adopting decisions by a qualified majority (which would do away with one or a few member states actually vetoing proposals). The Czech Presidency has circulated a questionnaire to member states about this and some of them responded that they would accept using qualified majorities when adopting certain EU measures, such as sanctions; but not on all foreign affairs matters. Any exceptions to unanimity would need to be very focused, Bek stressed. And it is important to continue to build trust based on good analysis of the issues at hand. So this would have to be a gradual process and proceed without provoking any internal regional confrontations. EU enlargement proposals could be one way to start changing member states' minds towards qualified voting, Bek thinks, but more time is needed for this to mature and without changing any EU treaties - and through a sober approach.

Since Sweden is among the states that are less than keen on this whole process towards a new "EU Convention," an agreement with the European Parliament to postpone this debate, and preferably until after next summer, would be ideal. But the Swedish Presidency must be prepared to handle continued negotiations on this in Brussels during its six months at the Council helm.

The European climate change agenda

So far during Czechia's Presidency, it has tried to move the debate on the "Fit for 55" package forward as much as possible. That is, Prague is said to have invested time and energy in moderating the EU debate on climate change. The European Parliament is clearly more ambitious than member states are on this, but Czechia will before the end of the year try to prepare the ground for the Swedish Presidency on this. Even if these issues are given priority now, they will not be concluded before the end of this year, but good progress can be made on 3-4 of the climate files (or issues) that could be ready this year. As the whole package should be adopted together, he says Sweden will have to continue the work and will hopefully be able to conclude an EU climate package during its term.

When it comes to energy and issues such as managing renewables intermittency via demand management, hydrogen and batteries, Bek sees relatively rapid progress, especially in hydrogen. Using hydrogen for energy storage could become developed. He also hopes for progress on the use of batteries and sees that many companies, including traditional Czech coal energy companies, are now becoming interested in investing in battery technology. So this is seen as realistic in the near future. Demand reduction is especially important in Eastern Europe, where people for a long time were used to cheap energy and so kept their houses warmer than in western countries. The Minister believes that there is room to lower temperatures to economise. Better insulation of houses is also a relatively easy way of energy savings and should be promoted. More reliance on renewable sources of energy should be encouraged and this transition should be fast, since it can be socially painful, Bek said.

In summary, Bek was optimistic that by the 2030s a new market will be functioning. Sadly, there has been a lost decade that makes catching up more painful. Looking after the poorer people will be especially important in this period.

However, he noted that we have generally to bear in mind that we now need to carry out this energy transition during a war in our European neighbourhood. We need peace and we need to give Ukraine full access to the EU single market, Bek argued. Otherwise we will not be able to afford the necessary reconstruction of Ukraine and such a step would mean the end of "cheap East European labour," which would have to be accepted by all. Ukraine is a large country and its entry into the European single market would transform Europe, Bek concluded.

Comment

The Swedish government will inherit all the above European issues, even if some of the Council of the European Union "files" may, at best, be agreed on during the next seven, or so, weeks. However, Stockholm will, again, take over a continued "war presidency," where continued support to Ukraine will remain an overriding priority for the European Union. Swedish management of the energy agenda together with the Commission will also be a clear and continued challenging priority, as will the rule of law and democracy questions that continue to challenge EU unity and its consensus decisions. This is quite clear from Bek's sober and engaged assessment of the work of the current EU Presidency.

Add to this the poor economic state of Europe, with at least a period of recession likely to last throughout the Swedish Presidency, with the likelihood of growing streams of refugees arriving in the EU. This taken together will test both most EU member states nationally, as well as the resilience of the Union, its institutions - and naturally the Swedish EU Presidency team, both in Brussels and in Stockholm.

According to the official Swedish government description of its imminent tasks, they are to "drive forward the (EU) Council's work on EU legislation, ensure continuity of the EU agenda and ensure that legislative processes are carried out in an orderly manner and that member states cooperate. The two main tasks of the Presidency are to plan and chair the meetings of the Council and its preparatory bodies and to represent the Council in its relations with other EU institutions."

However, to that rather dry description of quite considerable tasks, including chairing some 1,000 meetings, one could also add effective crisis management of unforeseen events, including attacks of one form or other on the workings of the Union. In his very open talk with Mundus, the Minister repeatedly underlined the need for good analysis of common issues and the importance of sober handling of events, which certainly rings true as essential for the Presidency in 2023. When Stockholm last had the Presidency during the second half of 2009, the then non-socialist "Alliance" government stressed the importance of the work of its EU Representation "on the ground" in Brussels given

that events often move very rapidly. Given the present political and serious security situation in Europe, it would seem more important than ever that all concerned Swedish and other European players will remain as coordinated as possible. Be it in Stockholm, in Brussels or elsewhere. There is a war in Europe and the threats and challenges are clearly much greater than they were in 2009. But there are also good opportunities, to which Mundus intends to return.

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