WITH RUSSIA RIGHT ACROSS THE BORDER

FINLAND'S SECURITY POLICY

Piotr Szymański

OSW STUDIES

NUMBER 73
WARSAW
MAY 2018

WITH RUSSIA RIGHT ACROSS THE BORDER
FINLAND'S SECURITY POLICY

Piotr Szymański

OSW | CENTRE FOR EASTERN STUDIES
OŚRODEK STUDIÓW WSCHODNICH im. **Marka Karpia**

CONTENT EDITOR
Mateusz Gniazdowski, Justyna Gotkowska

EDITOR
Katarzyna Kazimierska

CO-OPERATION
Halina Kowalczyk, Anna Łabuszewska

TRANSLATION
Ilona Duchnowicz

CO-OPERATION
Nicholas Furnival

GRAPHIC DESIGN
PARA-BUCH

PHOTOGRAPH ON COVER
Aleksey Stemmer/Shutterstock.com

DTP
GroupMedia

MAP AND CHARTS
Wojciech Mańkowski

PUBLISHER
Ośrodek Studiów Wschodnich im. Marka Karpia
Centre for Eastern Studies

ul. Koszykowa 6a, Warsaw, Poland
Phone: + 48 /22/ 525 80 00
Fax: + 48 /22/ 525 80 40
osw.waw.pl

ISBN 978-83-65827-23-4

Contents

THESES

- Finland views Russia through the prism of economic and political opportunities. Russia is an important outlet for Finnish exports and a source of supplies of natural resources. Frequent meetings of the two countries' presidents and prime ministers are part of the intensive bilateral political relations. From Helsinki's point of view, these meetings provide a boost for Finland's international profile as a broker in the dialogue between the West and Russia. Finnish decision-makers also capitalise on diplomatic contacts with Russia in domestic policy: as an opportunity to demonstrate to the electorate their pragmatic attitude in relations with a country which is viewed in Finland as a great power.

- On the other hand, Finland sees Russia as a source of challenges to its sovereignty. This is why Finland's strategy towards Russia combines economic and political co-operation, intended at reducing the risk of bilateral tensions, with military deterrence. Finland is concerned by Russia's rising military and the Russian vision of the international order based on great powers' spheres of influence in which Finland has to play the role of a buffer zone between Russia and NATO. Proof that the Finnish armed forces are being prepared for a defence operation against Russia include maintaining general conscription with a huge trained reserve force, focusing on territorial defence, and excluding Russian equipment from military procurements. Regardless of this, Finland officially does not define Russia as a threat. It arises from Finland's efforts to maintain good relations with Moscow and its non-alignment that gives Helsinki no reason to see political and military benefits in highlighting the threat posed by Russia's armed forces.

- Finland as a non-aligned country situated in the periphery of its civilisational base (the West) and bordering on a potentially hostile power, is constantly demonstrating its will to defend its independence. It does so mainly through general conscription and by organising refresher training for reservists. Focusing on maintaining adequately trained reserve units, with moderate defence expenditure, Finland wants to deter Russia above all by way of its armed forces' wartime strength (currently being increased to 280,000 soldiers). This capability to mobilise a significant number of troops raises the costs of possible aggression.

- The Russian-Ukrainian war has breathed new life into the discussion on the weaknesses of the Finnish defence model. Along with the materiel

shortages resulting from underfunding the total defence system, another drawback of the Finnish army is the time-consuming mobilisation process. This concerns mainly the land forces which are composed of reserve units and in peacetime are focused on training conscripts. In the coming years, Finland will invest in improving the level of the armed forces' combat readiness and will allocate additional funds to technical modernisation. However, the plans to increase the defence budget need to be viewed with caution, because welfare state expenses are given top priority in Finland. What Finland's ministry of defence will find as the greatest challenge will be ensuring adequate funding for the ambitious programmes of rearming the navy and the air force over the next decade.

- Since the collapse of the USSR, the non-aligned Finland has acted with caution as regards enhancing military co-operation with the West. Besides, it has avoided developing military capabilities which Moscow might interpret as offensive. However, the increasing potential of the Russian armed forces and the military interventions in Georgia and Ukraine have made Finland decide to intensify its defence co-operation with NATO and the USA. The gradual change of the approach in this respect sparks increasing controversies in the parliament. The Finnish political centre-right wants as close defence co-operation with NATO and the USA as possible, while the centre-left opts for a balance between the pro-Western course of defence policy and the need to maintain good relations with Russia.

- Finland has not applied for NATO membership but does not rule this out in the future in governmental documents. By doing so, it hints to Moscow that the unfavourable changes in the Russian policy towards Finland may encourage it to withdraw from its non-aligned status. However, there is a strong political and social resistance to NATO membership in Finland. The tradition of making strategic decisions on the basis of political consensus means that any potential application for NATO membership would require support from all the major political parties.

- Finland's closest partner in defence co-operation is non-aligned Sweden. This country would be able to provide military aid to Finland fastest of all, and the Swedish territory would secure strategic depth for the Finnish air force and navy. However, bilateral defence co-operation is still hindered by a certain level of mistrust between Finland and Sweden. It is missing common planning for wartime and both parties are far from establishing a formal bilateral military alliance. Finland is watching the Swedish debate on

NATO membership closely, since a revision of the Swedish stance on this issue might have a stronger impact on increasing support for NATO accession in Finland than the threat posed by Russia.

INTRODUCTION

The Russian annexation of Crimea has provoked a return to viewing security in terms of the readiness to defend one's own territory in the Nordic-Baltic region. This has led to intensifying interest in the Finnish defence model based on general conscription, a huge trained reserve force, and territorial defence. It has also intensified the debate on Finland's potential NATO membership and its perception of Russia. It is thus worth having a closer look at Finland's security policy and armed forces, taking into account the special nature of Finnish--Russian relations.

I. AUTONOMY, INDEPENDENCE, FINLANDISATION

Since Finland gained independence in December 1917, it has treated Russia alternately as an enemy and a friend. The anti-Soviet trend came to the fore between World War I and World War II. During the Cold War period, Finland--USSR friendship was highlighted in the Finnish government's official narrative. Since the collapse of the USSR, Finland has made efforts to maintain partnership-based relations with Russia, having abandoned thinking in terms of antagonism or subordination.

When as a consequence of the Russian-Swedish war in 1809 Russia annexed Sweden's Finnish provinces, Tsar Alexander I granted consent to the establishment of the Grand Duchy of Finland. The Russian Empire adopted this conciliatory policy in order to guarantee Finns' loyalty because it feared that Sweden might make efforts to regain the lost Finnish lands which Russia used as a protective buffer for Saint Petersburg. Positive connotations prevail in the Finnish memory of the Russian rule in the 19th century. It is viewed as a factor which facilitated the Finnish state-building and nation-building process and contributed to the modernisation of the country[1]. The Grand Duchy of Finland was bonded with Russia through personal union as an autonomous part of the Empire with its own government, parliament, currency and army[2]. The fact that Finnish was granted the status of the second official language in addition to Swedish played an important role in Finns' national emancipation. A monument of Tsar Alexander II still stands in the centre of Helsinki.

The situation changed already during the rule of Alexander III, and the restriction of Finland's autonomy by Nicholas II took the form of Russification (from 1899)[3]. Finland capitalised on the October Revolution to break free from Russia and announced independence on 6 December 1917. These events were accompanied by a severe political crisis. The future of the state was decided in the civil war (January–May 1918), when the governmental 'White' troops (representing bourgeois parties and supported by Germany) defeated the revolutionary

1 M. Klinge, *Krótka historia Finlandii*, Helsinki 1997, pp. 64–65.

2 The status of the Grand Duchy of Finland was similar to that of the Kingdom of Poland in 1815–1832.

3 This was an effect of Russia's concern about the destabilising influence of the liberal Finnish experiment on the situation inside the Empire and the desire to tighten the grip on Finland out of fear that its territory could be used by Germany in case of war. The Russification provoked tension, one manifestation of which was the assassination of the Tsar's highest representative in Helsinki, Nikolai Bobrikov, Governor-General of Finland, in 1904.

'Red' forces (i.e. Finnish socialists backed by Soviet Russia). In the inter-war period, anti-Soviet and anti-Russian rhetoric in Finland was aimed at unifying a Finnish society – that had been strongly divided due to the civil war – in the face of the external enemy[4]. This fitted in with the narrative of Finland's role as the West's outpost against the Soviet threat. The Soviet aggression on Finland and the Winter War (1939–1940) as well as the Continuation War (1941–1944; the Finnish campaign against the USSR fought alongside the Nazi Germany with the intention of regaining the lands lost in the Winter War and to avoid German occupation) reinforced the image of Russia as an enemy[5]. As a result of World War II, Finland lost around 2.5% of its pre-war population and 10% of its territory, which entailed the need to resettle 400,000 refugees. The obligation to pay large war reparations to the USSR was also imposed on it. In World War II Finland defended its independence but it did find itself in Moscow's sphere of influence (even though Finland was not made part of the Eastern Bloc). It was symbolised by the Finno-Soviet Treaty of 1948[6] and the Soviet military base in Porkkala near Helsinki (leased in 1944–1956).

The Cold War initiated a new era in Finnish-Soviet relations. The Finno-Soviet Treaty of 1948 envisaged the possibility of military consultations and joint defence in case of aggression from Germany or its ally, imposing the undertaking on Helsinki and Moscow to refrain from joining any alliances targeted against one another[7]. From Helsinki's point of view, the most important part was the preamble which mentioned Finland's desire to remain outside the conflicting

4 In the inter-war period, the antagonism was fuelled by the issue of Karelia, the land spreading on both sides of the Finnish-Soviet border which was believed to be the cradle of Finnish culture and the nation; this belief originated from the 19th-century Finnish national epic poem *Kalevala*. Various organisations spreading *ryssänviha*, i.e. hatred of everything that is Russian, were active in Finland. H. Luostarinen, *Finnish russophobia: the story of an enemy image*, "Journal of Peace Research", vol. 26, no. 2, 1989, pp. 123–137; B. Szordykowska, *Historia Finlandii*, Warszawa 2011, pp. 246–247; C. Browning, P. Joenniemi, *Karelia as a Finnish-Russian Issue: Re-negotiating the Relationship between National Identity, Territory and Sovereignty*, University of Tartu, May 2014, http://ceurus.ut.ee/wp-content/uploads/2011/06/Browning-and-Joenniemi-2014.pdf

5 In September 1944, Finland withdrew from military co-operation with Nazi Germany and signed an armistice with the USSR under which it began the war against Germany (the Lapland War). Owing to this Finnish territory was not occupied, and Finland, despite major combatant casualties (around 95,000), sustained minor losses among its civilian population.

6 Its full name is the Agreement of Friendship, Co-operation and Mutual Assistance between the Union of Soviet Socialist Republics and the Republic of Finland. The period between the armistice with the USSR and signing the Finno-Soviet Treaty (1944–1947) is known in Finland as 'the years of danger' because of the fear of a communist coup.

7 R. Penttilä, *Finland's search for security through defence, 1944–1989*, London 1991, pp. 29–34.

interests of the great powers. This made it possible for Finland to refer to the treaty, declaring a policy of neutrality and seeking recognition for it in the West and in the USSR. Finland's neutrality policy during the Cold War was in fact targeted at marginalising the military provisions of the treaty, even though officially Helsinki emphasised its significance in its foreign and security policy.

Finland's military potential in the Cold War period was officially developed to repel NATO's attack against Soviet Union through Finnish territory. The USSR was an important supplier of armament and military equipment to Finland, offering loans for technical modernisation of the Finnish armed forces. However, these investments in the defence capabilities were actually aimed at improving Finland's prospects for avoiding 'military assistance' in case of a crisis between the West and the USSR (i.e. the entry of Soviet forces onto Finland's territory and the loss of independence)[8].

In the Cold War period, Finland's policy towards the USSR was based on the assumption that the better the bilateral relations were, the greater the trust between Helsinki and Moscow would be and the more room for manoeuvre there would be in developing Finland's co-operation with the West[9]. This policy that Finland had to adopt as a result of the new balance of power required public support, which was built in a top-down manner by creating a positive image of the USSR. The means employed included the activity of the Finnish-Soviet Society, censorship of the media, destructions of book collections, removal of anti-Soviet monuments and contents from school textbooks, the dissolution of anti-Soviet organisations and personnel changes at state institutions (including the army and the police)[10]. Another contributory factor to the change of the perception of the USSR was the dynamic development of Finnish-Soviet trade which became one of the economic pillars of the welfare state in Finland. The USSR was Finland's most important trade partner – in the peak period (1980s), exports to the USSR accounted for 25% of total Finnish exports. In 1973,

[8] One example of strengthening defence against a NATO attack were considerable investments in the air defence of the Lapland region (northern Finland) which was located along the line of possible strike on the Soviet nuclear arsenal on the Kola Peninsula.

[9] U. Kekkonen, *Nie szukajcie przyjaciół daleko, a wrogów blisko*, Warszawa 1983.

[10] The penalty of up to two years' imprisonment for journalists publishing libellous materials about other countries (implicitly the USSR) was removed from the criminal code only in 1995. D. Arter, *Kekkonen and the 'Dark Age' of Finlandised Politics?*, "Irish Studies in International Affairs", 1998, p. 41; C. Browning, M. Lehti, *Beyond East-West: marginality and national dignity in Finnish identity construction*, University of Warwick, p. 21.

Finland entered into a free trade agreement with the EEC[11], while still being bound by long-term trade agreements with the USSR.

The desire to keep Finland out of the great powers' rivalry and the narrative of friendship with the USSR (combined with the officially dictated amnesia as regards, for example, territorial losses) were an effect of both pressure from Moscow and independent Finnish reflection. It was assumed that Finland could never again become engaged in a war against the USSR because it might put the survival of this small nation at stake in the nuclear epoch. The Finnish national hero, Marshal Carl Gustaf Mannerheim (he served as president in 1944–1946) backed defence co-operation with the USSR and personally drafted the proposal for the Finnish-Soviet treaty in 1945[12].

The policy of building special Finnish-Soviet relations known as Finlandisation was pursued by Urho Kekkonen from the agrarian party (currently the Centre Party) who served as Finland's president for many years (1956–1982). Finlandisation had both international and domestic dimensions. Firstly, it meant respecting the Kremlin's interests in foreign and security policy so that Finland could preserve political pluralism and a free-market economy. Secondly, Finlandisation entailed Finland's most senior politicians seeking the Kremlin's support, which was helpful in the domestic power struggle[13]. One example was President Kekkonen's use of crises in relations with Moscow to strengthen his position at home by building the image of a politician who had an exclusive recipe for warming relations with the Kremlin. The most important 'side effects' of Finlandisation included the Soviet interferences in Finland's domestic affairs and the Soviet special services' infiltration of the Finnish political and business elites. It can even be said that there was an informal alliance between President Kekkonen and the KGB at the time of the Cold War; and both sides benefited from this alliance. On the one hand, Kekkonen did not allow Finnish communists to monopolise contacts with Soviet special services (the Finnish People's Democratic League until the 1980s was one of the strongest political parties in parliament) and through his collaboration with the KGB he gained the

[11] P. Sutela, *Finnish trade with the USSR: Why was it different?*, BOFIT, 2005, p. 6, https://helda.helsinki.fi/bof/bitstream/handle/123456789/12616/118461.pdf?sequence=1

[12] He argued that "Finland can no longer assume the role of a Western fortress against the East. We must leave such talk behind (...). Our army will never again fight a war against Russia". R. Penttilä, *op. cit.*, pp. 12–13.

[13] J. Lavery, *All of the President's Historians: The Debate over Urho Kekkonen*, "Scandinavian Studies", vol. 75, no. 3, 2003, pp. 378–381.

Soviet Union's consent for Finland to develop economic relations with the West. On the other hand, the KGB gained significant freedom for its covert operations in Finland and influence on the Finnish ministry of the interior and the police[14]. Kekkonen's system was also used by the governing parties to marginalise the political right (the National Coalition Party)[15].

The collapse of the USSR for Finland meant reorientation to the West and the end of its subordination to Moscow. However, Finlandisation has left a durable mark on Finnish political culture and the perception of Russia. Even though in 2016 59% of Finns were of the opinion that Russia's moves adversely affect Finland's security, at the same time, 83% of respondents believed that the Russian president, Vladimir Putin, is welcome in their country[16].

[14] K. Rentola, *President Urho Kekkonen of Finland and the KGB*, 2008, https://helda.helsinki.fi/handle/10224/4054

[15] This situation was analogous to the inter-war period, when the governing political centre-right isolated the social democrats.

[16] 11% were of the opposite opinion. *Putin saapuu tänään Suomeen*, "Aamulehti", 1 July 2016, https://www.aamulehti.fi/kotimaa/putin-saapuu-tanaan-suomeen-kysely-suurin-osa-kansasta-toivottaa-tervetulleeksi-23760173/; *Finns' opinions on foreign and security policy, national defence and security*, Ministry of Defence of Finland, December 2016, http://www.defmin.fi/files/3579/ABDI_(MTS)_December_2016_Report_in_english.pdf

II. RUSSIA: AN OPPORTUNITY AND A THREAT

Finland views Russia simultaneously as a source of opportunities (mainly economic) and as the greatest threat to its sovereignty. From Finland's point of view, developing co-operation with Russia results in reducing the risk of bilateral tensions. This approach is of key significance for understanding the Finnish strategy towards Russia that combines military deterrence with efforts to maintain good political and economic relations. The intensive political contacts with Russia, inherited after the Cold War, have been used by Finnish politicians to build support on the domestic arena and to aspire to playing the role of a broker between the West and Russia. In economic terms, Russia is Finland's most important trade partner outside the EU and a source of supplies of natural resources. From Finland's perspective, the Russian market has an unlimited capacity to receive Finnish exports and direct investments (Petersburg and Leningrad Oblast alone have more residents than Finland as a whole).

Russia appreciates its political dialogue and economic co-operation with Finland. However, it is aware of the fact that Helsinki, despite its pragmatic relations with Moscow, is unable to significantly influence the EU's policy towards Russia (for example, on lifting the sanctions). Russia has also strongly criticised Finland's participation in military co-operation with NATO and the USA. It has regularly demonstrated that it is ready to counteract any potential attempts to change Finland's policy of non-alignment, employing both military and hybrid means. In turn, on the social level, Finland is a frequent leisure and business destination for the Saint Petersburg middle class and the Kremlin elite.

1. Russia as a source of opportunities

(1) The political opportunities. The special nature of Finnish-Russian relations is manifested in regular contacts of the presidents and prime ministers from the two countries. The presidents of Finland and Russia as a rule meet twice a year[17]. President Sauli Niinistö to this effect continues the policy of his predecessor, Tarja Halonen (president 2000–2012). This offers Russia the occasion to demonstrate that there are countries in the EU that are willing to maintain good relations with it, while Finnish politicians have the opportunity to present

[17] The president in Finnish political culture performs the function of the guarantor of good relations with Moscow. The annexation of Crimea has not affected the frequency of the presidential meetings – in 2014–2017 Sauli Niinistö and Vladimir Putin held eight bilateral meetings.

themselves as responsible actors in relations with a powerful neighbour. Furthermore, Finland wants to play the role of a pragmatic state which is an expert in Russian affairs and a non-aligned bridge between the West and Moscow, which is expected to raise its international prestige. The role of the intermediary dates back to the times when Finland was engaged in the Cold War détente policy. In 1973–1975, it hosted negotiations between Western countries and the Eastern Bloc as part of the Conference for Security and Co-operation in Europe (the so-called 'Helsinki Process' which ended in the signing of the CSCE Final Act). Examples of this tradition being drawn upon are: the talks of representatives of the Russian Ministry of Foreign Affairs and the US Department of State in Helsinki in September 2017[18], and the work under the auspices of Finland underway since 2016 as part of the International Civil Aviation Organization (ICAO) to improve the safety of flights in the Baltic Sea region in connection with the numerous incidents in the airspace between Russia and NATO since the annexation of Crimea[19].

However, the special nature of Finnish-Russian relations should not be viewed as 'neo-Finlandisation'. The role of the Russian factor in Finland's foreign policy has been reduced since the collapse of the USSR as compared to the Cold War period. However, Finland maintains a political consensus as regards the need to develop good relations with Russia. Political parties only disagree about the extent to which the desire to keep good relations is to affect Finland's security policy. The centre-left views itself as the guardian of President Kekkonen's legacy and is more willing than the political centre-right to take Russian security interests into consideration in Finnish strategic thinking.

(2) The economic opportunities. The well-developed Finnish-Soviet trade relations originated from Finland's payment of war reparations. The need to supply goods to the USSR as part of reparations led to the emergence of branches of industry specialised in exports to the Soviet Union (mainly products of the electromechanical and shipbuilding industries) as part of five-year trade agreements implemented from 1950. Russia was Finland's largest trade partner until 2013 (with a break in the 1990s caused by the collapse of the USSR which brought about an economic recession in Finland). In effect of the financial crisis in 2008, the EU-Russian sanctions and counter-sanctions after 2014, the devaluation

[18] *Under Secretary Shannon Travel to Helsinki, Finland*, U.S. Department of State, 9 September 2017, https://www.state.gov/r/pa/prs/ps/2017/09/273930.htm

[19] J. Gotkowska, P. Szymański, *Rosyjski „plan Niinistö"*, "OSW Analyses", 24 August 2016, https://www.osw.waw.pl/pl/publikacje/analizy/2016-08-24/rosyjski-plan-niinisto

of the rouble, and low oil prices, it fell to third to find itself behind Germany and Sweden (2016). The value of Finnish exports to Russia in 2008–2016 was reduced more than three-fold. Russia's share in Finnish exports and imports in 2016 reached 5.7% (5th position) and 11.2% (3rd position) respectively[20]. Finland exports to Russia mainly products of the chemical and timber and paper industries, and industrial and electric machines. It imports mainly energy products. In 2016, their share in total imports from Russia reached 70.5% (including 58.2% of oil and 7.1% of gas)[21]. For Russia, Finland is an outlet of limited, mainly regional significance. Helsinki wants to revive trade with Russia in the areas which are not covered by Russian sanctions. It is intended to stimulate Finnish exports but also to maintain the position of Finnish companies on the Russian market[22]. Finland remains in the EU's mainstream as regards continuing the sanctions imposed on Russia. However, if the stance of the key EU member states changes (in particular, that of Germany), considering Finland's economic interests, it would not find itself in the group of countries opposing the lifting of the sanctions.

Energy co-operation, which more than other areas has enabled Finland to fill bilateral relations with Russia with real content over the past few years, has the greatest significance as regards direct investments[23]. The Finnish state-controlled energy company Fortum owns eight heat and power plants in central

[20] *Finnish exports to Russia finally on the rise*, BOFIT, 3 March 2017, https://www.bofit.fi/en/monitoring/weekly/2017/vw201709_3/; *Finnish foreign trade 2016: Figures and diagrams*, Finnish Customs, 7 February 2017, http://tulli.fi/documents/2912305/3437550/Figures+and+diagrams+2016+%28preliminary+data%29/b2fc0c2b-a4eb-4410-a53d-1e961ae2273a

[21] In 2016, Finland imported 100% of its gas from Russia (6% of total energy consumption) and 88% of its oil (23% of total energy consumption). Finland views Russia as a reliable supplier of oil and gas – Helsinki has never experienced politically motivated cuts in oil and gas deliveries. However, in the longer term, Finland's dependence on imports of energy resources from Russia will be decreasing. Helsinki is intensifying a diversification of gas supplies inside the EU (the construction of a gas pipeline connection with Estonia and LNG terminals) and is investing in renewables. *Energy supply and consumption*, Statistics Finland, 23 March 2017, https://www.stat.fi/til/ehk/2016/04/ehk_2016_04_2017-03-23_en.pdf; *Finland – Energy System Overview*, International Energy Agency, 2016, https://www.iea.org/media/countries/Finland.pdf

[22] The following companies are among those present on the Russian market: Fortum (energy sector), K-Group (retail chain), YIT (construction sector), Neste (fuels), Nokian Tyres (tyres), Fazer (food industry) and Stora Enso, UPM and Metsä Group (all three: forest industry and biomass).

[23] Finland's direct investments in Russia in 2014 reached 2.2 billion euros (2.3% of total FDI), and Russian investments in Finland were half that (1.4% of total FDI). *Finnish investment in Russia continues to heavily exceed Russian investment in Finland*, BOFIT, 13 October 2015, https://www.bofit.fi/en/monitoring/weekly/2015/vw201546_3/

Russia, hydro and thermal power plants in north-western Russia and a wind farm in Ulyanovsk[24]. In turn, Rosatom will build a reactor at a new nuclear power plant in Pyhäjoki. The implementation of this controversial project is planned for 2018–2024 and will be of key significance for the future of Finnish-Russian energy co-operation (it still needs final administrative consent)[25]. One sign of this co-operation is also Finland's neutral stance on the Nord Stream 2 project. Pipes for the construction of the NS2 are coated and stored at the Finnish ports Hamina-Kotka and Koverhar[26]. Furthermore, in the middle of 2018, Fortum will become the main shareholder at the German energy company Uniper, which is a partner in the NS2 project (Uniper also owns five power plants in Russia). This means that the Finnish government will indirectly become part of this undertaking.

Finland wants to participate in the benefits of using the Arctic Northeast Passage connecting Europe and Asia, which may contribute to the economic development of Finnish Lapland. Finland is also counting on co-operation with Russia as regards construction of the Russian fleet of icebreakers and in the Arctic Connect project – the laying of an underwater telecommunication cable along Russia's Arctic seashore (10,500 km) that would connect China and Japan with Europe via Russia, Norway and Finland (using the Helsinki––Rostock connection)[27]. Additionally, despite the development of cargo capacity of Ust-Luga Port by Russia, Finnish ports in the Gulf of Finland are important

[24] *Fortum in Russia*, https://www3.fortum.com/about-us/our-company/fortum-worldwide/fortum-russia

[25] Rosatom holds a 35% stake in Fennovoima, a company set to build the new nuclear power plant.The project has sparked controversies since the beginning – in 2014, the Greens left the government coalition in protest against further investments in the nuclear energy sector, and in 2015, the Finnish government blocked the participation in Fennovoima of a company registered in Croatia due to its links to Russian capital. The establishment of this company was most likely inspired by Russia to resolve the problem with the lack of the 60% share of entities from the EU in Fennovoima required by the Finnish side. Two two-reactor nuclear power plants built in the 1970s operate in Finland: Loviisa and Olkiluoto (they will be decommissioned in 2027–2042). The construction of a third reactor in Olkiluoto is continued with delays.

[26] The former social democratic prime minister, Paavo Lipponen, was hired as an advisor by the Nord Stream company when the first two lines of the gas pipeline were constructed.

[27] *Report on the Northeast Passage telecommunications cable project*, Ministry of Transport and Communications of Finland, Report 3/2016, https://www.lvm.fi/documents/20181/880507/Reports+3-2016.pdf/db8fcdda-af98-4a50-950d-61c18d133f74. Russian investments are important for the Finnish shipbuilding industry – the Russian United Shipbuilding Corporation owns the Helsinki shipyards where icebreakers are built also for the Russian Ministry of Transport (information was received towards the end of 2017 that Russians are planning to sell the shipyard).

for Russian imports via the Baltic Sea (goods, after unloading, are delivered by road and railway transport to Russia)[28].

In the services area, Russian tourists are an important source of income mainly in Helsinki and the frontier regions, being the largest group of foreigners visiting Finland. According to data from the Russian statistical office, in 2016 Finland was the second most frequently chosen destination for Russians travelling abroad[29].

2. Russia as a source of threats

(1) The political threats. Russia poses a political threat to Finland on three levels. Firstly, on the international level, Helsinki is particularly concerned with the Russian focus on multipolarity, which is a long-term challenge to the durability of Finland's integration with Western structures. The Russian vision of the international order includes the concept of great powers' spheres of influence, with Finland being assigned the role of a buffer zone between the West and Russia. From Russian perspective this excludes for example Finland's NATO membership. Russia thus wants to maintain the remnants of the Cold War 'Nordic balance', elements of which included the Finno-Soviet Treaty, Sweden's neutrality and Denmark's and Norway's NATO membership (however, with no NATO bases).

Secondly, on the political and business level, the Russian special services are still active in Finland even though the Finlandisation policy was discontinued in 1991. A report of the Finnish Security Intelligence Service (Supo) for 2016 mentions a significant number of agents from other countries operating in Finland, but only Russia's name is mentioned explicitly[30]. The activity of foreign intelligence in Finland is concentrated on recruiting young politicians and obtaining information on topics such as support for NATO membership, energy policy, the attitude of business circles towards the EU sanctions, the Finnish chairmanship

[28] *Finland as a Gateway to Russia, Baltics and the Nordic Region*, Embassy of Finland in the USA, 5 June 2013, http://www.finland.org/public/default.aspx?contentid=275909&nodeid=35833&contentlan=2&culture=en-US

[29] *Число выездных туристских поездок*, Federal State Statistics Service of Russian Federation, http://www.gks.ru/free_doc/new_site/business/torg/tur/tab-tur1-2.htm; *Demand for accommodation services grew by 3 per cent in 2016*, Statistics Finland, 27 April 2017, https://www.stat.fi/til/matk/2016/matk_2016_2017-04-27_tie_001_en.html

[30] *SUPO 2016*, Finnish Security Intelligence Service, http://www.supo.fi/instancedata/prime_product_julkaisu/intermin/embeds/supowwwstructure/72829_SUPO_2016_ENG.pdf

of the Arctic Council (2017–2019) and cyber security infrastructure[31]. Characteristic areas of activity of Russia's special services include monitoring the cases of taking custody of children from Russian families in Finland (this information is then publicised in the Russian press to acuse Finns of Russophobia) and attempts to recruit agents among holders of dual Finnish-Russian citizenship[32]. However, Russia does not play the card of the Russian-speaking minority in Finland (around 70,000 people) to the extent it does in the Baltic states.

Thirdly, on the level of society, Russia wants to influence Finnish public opinion. In this area, Russia's goals include: undermining public confidence in the government, weakening people's pro-European orientation and entrenching the low level of support for NATO membership. Moscow has employed various tools to achieve these goals. For example, in late 2015/early 2016 a migration route (around 1,700 people) was formed on the Finnish-Russian border in the Far North most likely with the participation of Russian security services and organised criminal groups[33]. These moves were aimed at escalating the largest asylum crisis in Finland's post-war history (an influx of around 32,000 asylum-seekers from the Middle East) and, as a consequence, a further polarisation of the Finnish public over receiving migrants and refugees. It entailed increasing support for radical organisations (Soldiers of Odin, the Finnish Resistance Movement) and slogans contesting the mainstream policy.

Finland is also one of the fronts of the Russian information war, even though its linguistic distinctness and high education level pose a barrier to Russian

[31] Russia is not the only country interested in these issues, but it is certain that they attract the special attention of the Russian intelligence.

[32] One proof of this is the Finnish debate on blocking holders of dual Finnish-Russian citizenship the right to serve in the Finnish armed forces and border guard (the ministries of defence and interior are working on relevant legal changes). In 2015, the number of holders of dual citizenship in Finland reached 95,000. Russians form the largest group among them – 25,000 people (followed by Swedes – 7,000 people and Estonians – 4,000). Around 60 holders of dual citizenship serve in the armed forces. *Number of persons receiving Finnish citizenship fell in 2015*, Statistics Finland, 12 April 2016, https://www.stat.fi/til/kans/2015/kans_2015_2016-05-12_tie_001_en.html; J. Huhtanen, *Puolustusministeri Niinistö pitää kaksoiskansalaisia turvallisuusuhkana – 'Viides kolonna on torjuttava jo rauhan aikana'*, "Helsingin Sanomat", 22 January 2018, https://www.hs.fi/kotimaa/art-2000005534143.html

[33] Finally, Finland and Russia signed an agreement introducing temporary restrictions on border traffic in the Far North. P. Szymański, P. Żochowski, W. Rodkiewicz, *Enforced cooperation: the Finnish-Russian migration crisis*, "OSW Analyses", 6 April 2016, https://www.osw.waw.pl/en/publikacje/analyses/2016-04-06/enforced-cooperation-finnish-russian-migration-crisis

disinformation[34]. Pro-Kremlin internet 'trolling' has intensified in Finland since 2014 (concerning such issues as the wars in Ukraine and Syria). An attempt to launch a pro-Russian radio (Love FM, 2016) has also been made. Russian propaganda in Finland is facilitated by pro-Kremlin activists and some organisations, for example the Finnish Anti-Fascist Committee. In turn, the Russian media, depending on the needs, present Finland occasionally as a country preparing for war with Russia and entering into secret military deals, and at other times as Moscow's trusted partner in the EU[35]. For this reason Finland formed a special group of experts and public servants at the prime minister's office in 2015 tasked with monitoring and counteracting disinformation[36].

(2) The economic threats. Trade and energy co-operation with Russia is not only a source of economic and political opportunities for Finland, it also has negative implications. The dependence of some sectors of the Finnish economy on the Russian market exposes companies to losses should political relations between Moscow and Helsinki deteriorate (or in the broader context, between Russia and the EU). The Russian counter-sanctions imposed in 2014 (embargo on food from the EU) above all affected the Finnish dairy industry, causing the emergence of groups of manufacturers lobbying for the EU sanctions to be lifted[37]. In 2015–2016, Finnish food exports to Russia, which had been the most important outlet for Finnish manufacturers, fell three-fold[38]. Another example is the re-emerging threat of withholding Russian exports of timber to Finland (for the needs of the Finnish forest industry and biomass). The Russian parliament was

[34] In 2016, Sputnik closed its websites in the Finnish, Swedish, Norwegian and Danish languages.

[35] Collective work, *Russia's footprint in the Nordic-Baltic information environment*, NATO Strategic Communications Centre of Excellence, January 2018, https://www.stratcomcoe.org/russias-footprint-nordic-baltic-information-environment-0, pp. 60–66, 73–74.

[36] J. Rosendahl, T. Forsell, *Finland sees propaganda attack from former master Russia*, Reuters, 19 October 2016, https://www.reuters.com/article/us-finland-russia-informationattacks/finland-sees-propaganda-attack-from-former-master-russia-idUSKCN12J197

[37] Finland is in the group of those EU member states which have sustained the largest losses as a result of the Russian sanctions. J. Hinz, *Friendly fire. Zu den Handelsauswirkungen der Russlandsanktionen*, IfW, December 2017, https://www.ifw-kiel.de/wirtschaftspolitik/prognosezentrum/konjunkt/ifw-box/2017/box_2017-17_russlandsanktionen.pdf However, in aggregate, the estimates of the Finnish Ministry of Finance were indicating a small effect of the Russian ban on food imports on the reduction of Finland's GDP (by 0.1 percentage points) and a marginal influence on the unemployment rate. *The economic effects of the EU's Russia sanctions and Russia's counter sanctions*, Ministry of Finance of Finland, 27 August 2014, http://valtioneuvosto.fi/documents/10184/1058456/venaja_pakotteet_en.pdf/11184e4f-b00a-4474-9576-66c89d9e18ae

[38] J. Niemi, *Finnish food exports to Russia down more than 70 percent*, Natural Resources Institute Finland, 2 August 2017, https://www.luke.fi/en/news/finnish-food-exports-russia-70-percent/

considering the imposition of restrictions on wood trade with Finland in 2015, when Finland did not allow the Russian delegation to participate in the OSCE's Parliamentary Assembly in Helsinki due to EU sanctions. Furthermore, in 2015, two entrepreneurs and four companies from Finland found themselves on the US sanctions list. The Department of the Treasury argued that this decision was taken because the Finnish entities disregarded the US sanctions imposed on the Russian oligarchs Gennady Timchenko and Boris Rotenberg after the annexation of Crimea[39].

Direct investments of Finnish firms in Russia may also serve as a bargaining chip in Finnish-Russian relations. Their opportunities of expansion or retaining position on the Russian market may depend on concessions offered to Moscow. The change of the stance taken by Finland's Fortum on the participation in the Fennovoima project most likely fits in with this model. The Finnish energy company initially was not interested in co-operation with Rosatom. However, when the problem with ensuring a majority stake of EU-based firms followed by political pressure appeared, Fortum, which owns significant assets in Russia, joined the consortium engaged in the construction of the new nuclear power plant[40]. This was most likely an effect of the talks that were held at the same time between Fortum and Gazprom on Fortum taking over a majority stake in the Russian energy company TGK-1 operating in Leningrad and Murmansk Oblasts and in the Republic of Karelia[41]. The new Finnish-Russian nuclear power plant in Finland will provide further motivation for the Finnish government to maintain good relations with Russia, regardless of the international situation. As a result, Finland may find itself in a difficult situation in the future – Finnish experts point out that there is the risk that Rosatom may be placed on the list of companies covered by US and EU sanctions[42].

[39] Both oligarchs have Finnish citizenship and have invested in Finland. *Treasury Sanctions Individuals and Entities Involved In Sanctions Evasion Related To Russia and Ukraine*, U.S. Department of the Treasury, 30 July 2015, https://www.treasury.gov/press-center/press-releases/Pages/jl0133.aspx

[40] T. Martikainen, A. Vihma, *Dividing the EU with energy? Unpacking Russia's energy geoeconomics*, FIIA, 1 March 2016, http://www.fiia.fi/en/publication/571/dividing_the_eu_with_energy/

[41] *Researcher: Horse-trading behind planned Fortum-Fennovoima deal*, YLE, 2 December 2014, https://yle.fi/uutiset/osasto/news/researcher_horse-trading_behind_planned_fortum-fennovoima_deal/7665234

[42] T. Martikainen, K. Pynnöniemi, S. Saari, *Venäjän muuttuva rooli Suomen lähialueilla*, FIIA, 30 August 2016, http://www.fiia.fi/en/publication/607/venajan_muuttuva_rooli_suomen_lahialueilla/

Furthermore, from the point of view of Finland, which is building its brand by promoting Finnish nature, Russia is a country that pollutes the natural environment in its immediate neighbourhood. For this reason the Finnish side raises the issue of the protection of the natural environment in the Baltic Sea (the Krasny Bor dump site near Saint Petersburg pollutes the waters of the Gulf of Finland) and in the Arctic (the reduction of CO_2 emissions) during all Finnish-Russian meetings on the presidential and prime ministerial level.

(3) The military threats. Regardless of the positive changes that have taken place in Finland's security environment as the result of the collapse of the USSR, such us the restoration of the Baltic states' independence and weakening of Russia's military power, Finland never stopped perceiving Moscow as a strategic challenge and threat to its sovereignty. Finland's border with Russia is 1,340 km long and it runs along areas of military importance for the Kremlin: Saint Petersburg (the Navy headquarters) and the Kola Peninsula (the Northern Fleet base). Furthermore, since Poland and the Baltic states joined NATO, the border between the alliance and Russia has been shifted closer to Finland's southern frontier.

Finnish politicians and military officials formally declare that there is no direct threat of Russian aggression. However, Finland's entire military potential since the end of the Cold War has been developed and profiled to conduct a defence operation in case of a Russian attack. The fact that it has retained a conscript army focused on territorial defence with a large trained reserve proves that Finland does not rule out the possibility of a classic land invasion (with a key role of Karelian Isthmus direction). However, Finnish experts believe that a Finnish-Russian war that is not part of a broader Russia–NATO conflict is unlikely, and that a potential conflict in the Nordic-Baltic region would most likely involve Russian strikes on Finland's naval and air bases in order to prevent NATO from using them, for example, to defend the Baltic states. Nor are they ruling out the possibility of a subversive actions according to the scheme adopted by Russians during the annexation of Crimea (for example, on the demilitarised Aland Islands)[43].

[43] The status of the archipelago makes its defence more difficult, which was the subject of debate in Finland in the 1990s and after the annexation of Crimea. J. Gotkowska, P. Szymański, *Gotland and Åland on the Baltic chessboard – Swedish and Finnish concerns*, "OSW Analyses", 26 October 2016, https://www.osw.waw.pl/en/publikacje/analyses/2016-10-26/gotland-and-aland-baltic-chessboard-swedish-and-finnish-concerns

Finland is concerned about Russia's increasing military capabilities and its heightened military activity near the Finnish frontier in recent years. This includes an intensification of military exercises, the reactivation of the mechanised brigade in Alakurtti (50 km from the Finnish border) and the violations of Finnish airspace by Russian aircrafts (alien underwater activity was also spotted in the Finnish territorial sea in 2015). Finland reads all this as a warning against further enhancing military co-operation with NATO and the USA, and a demonstration of Russia's capability to block potential joint military action with NATO in case of conflict in the region. Russia straightforwardly defines Finnish-NATO co-operation as a threat to its security and declares that Finland's NATO membership would result in an adjustment of the Russian military posture to the new situation in the region[44]. Russia wants to build a sense of uncertainty about its reaction to the shift in the balance of power in the Nordic-Baltic region, which is expected to entrench the *status quo* as regards Finland's non-aligned status.

Public opinion polls have revealed that the sense of threat from Russia has intensified among the Finnish public since the Russian aggression on Ukraine, even though terrorism, organised crime, the economic crisis and global warming are viewed as more serious threats[45]. The Russian threat has such a distant place in the poll on the one hand because this topic is on the margins of public debate and, on the other because Finns are used to the neighbourhood with Russia and trust their public institutions, in particular, the army (this level of trust is the highest in the EU).

[44] S. Blank, *General Makarov Makes Incendiary Remarks in Finland*, "Eurasia Daily Monitor", 18 July 2012, https://jamestown.org/program/general-makarov-makes-incendiary-remarks-in-finland/

[45] J. Raeste, J. Saarinen, *Suomalaisten Venäjän-pelko kaksin-kertaistunut neljässä vuodessa*, "Helsingin Sanomat", 27 September 2014, http://www.hs.fi/kotimaa/a1411744065107; *Finns' opinions on foreign and security policy, national defence and security*, Ministry of Defence of Finland, November 2017, http://www.defmin.fi/files/4062/Finns_opinions_on_Foreign_and_Security_Policy_National_defence_and_security_november_2017.pdf

III. CO-OPERATIVE NON-ALIGNMENT

During the Cold War, Finland's security policy, focused on ensuring international recognition of its declared neutrality, employed above all diplomatic measures. In addition to building trust in relations with the USSR, this meant engagement in the UN system which manifested itself, for example, through participation in peacekeeping operations. Finland capitalised on the collapse of the USSR to accelerate its integration with the West encompassing co-operation with NATO as part of Partnership for Peace since 1994 and EU membership since 1995. This led to replacing the concept of neutrality with non-alignment, i.e. remaining outside military alliances and freely shaping its policies in case of conflict[46].

Finland's security policy is based on four pillars: its non-alignment, investments in its own defence capabilities, maintaining good relations with Russia, and military co-operation with Western partners to which Helsinki has attached special significance since the annexation of Crimea in 2014. Finland views this co-operation above all as an opportunity to improve its capability to defend its own territory rather than preparation to join the NATO. However, a section of Finland's political left and centre oppose enhancing defence co-operation with the USA and NATO in response to growing tension in the region and appeal for more balancing between the East and the West. The most likely scenario in the coming years will be that Finland will maintain its non-aligned status while actually developing military co-operation with Sweden, the USA, NATO and as part of the EU. The main motives behind this strategy of co-operative non-alignment will remain unchanged: Finland's insufficient military expenditure and the Russian threat.

1. Co-operation with Sweden

The Cold War division of Europe prevented the development of Finnish-Swedish defence co-operation because Sweden was part of the West. Since the 1990s, bilateral co-operation has been impeded due to the differences in perceiving threats and the development of different defence models – expeditionary in Sweden, and one focused on territorial defence in Finland. The centre of gravity was the co-operation of the two countries' navies and co-operation in crisis management

[46] At present, the governmental documents include a statement that Finland is not a member of a military alliance.

operations[47]. In 2003, Finland and Sweden began holding cross-border air force exercises. The factors that triggered the intensification of Finnish-Swedish military co-operation were at first the financial crisis (looking for ways to save money through bilateral and multilateral projects as part of NORDEFCO since 2009) and then the annexation of Crimea, after which Sweden became focused on regional security. Other factors that contribute to their co-operation is the non-aligned status of the two countries and the absence of political controversies – 94% of Finns want closer defence bonds with Sweden[48].

Through this bilateral co-operation Finland wants to raise the possibility of coordinated Finnish-Swedish response in case of crisis or conflict, because the success of Finland's defence operation to a great extent depends on Sweden. This country would be able to offer military support to Finland fastest of all and to guarantee the transit of military assistance. Sweden's territory could also secure strategic depth for the Finnish armed forces, mainly the navy and the air force (refuelling and ammunition replenishment at Swedish bases). These two branches of both countries' armed forces have developed most intense co-operation since 2014. It resulted in a high level of interoperability, including exercises according to the joint defence scenario[49]. Although the Finnish-Swedish agreements on strengthening military co-operation envisage the mutual use of each other's base infrastructure, they regulate defence co-operation at peacetime and do not impose any wartime obligations[50].

Enhancing military co-operation with Sweden will gain more significance in Finland's defence policy (there is a great deal of unused potential, especially

47 C. Salonius-Pasternak, *Deeper defence cooperation: Finland and Sweden together again?*, FIIA, 3 December 2017, https://www.files.ethz.ch/isn/186091/bp163.pdf

48 *Finns' opinions...*, November 2017, *op. cit*.

49 Examples of these include the Northern Coasts and Ruska exercises in 2017. *Northern Coasts exercise to deepen the bilateral cooperation between Finland and Sweden (FISE)*, Finnish Defence Forces, 12 September 2017, http://merivoimat.fi/en/article/-/asset_publisher/nothern-coasts-harjoituksessa-syvennetaan-fise-yhteistyota; *Ruska 17 and Baana 17 exercises taking place in October*, Finnish Defence Forces, 22 September 2017, http://ilmavoimat.fi/en/article/-/asset_publisher/ilmaoperaatioharjoitus-ruska-17-ja-lentotoimintaharjoitus-baana-17-jarjestetaan-lokakuussa

50 They additionally provide for creating a joint Swedish-Finnish Naval Task Group (by 2023), closer co-operation on anti-submarine warfare (for example coordinated purchase of Saab Dynamics Ab torpedoes) and developing the concept of a combined Finnish-Swedish Brigade (by 2020). *Final reports on deepened defence cooperation between Finland and Sweden*, Government of Sweden, 19 May 2015, http://www.government.se/49baf3/globalassets/government/dokument/forsvarsdepartementet/final-reports-on-deepened-defence-cooperation-between-finland-och-sweden.pdf

in the case of the land forces). However, neither Helsinki[51] nor Stockholm is considering a bilateral military alliance at present (Stockholm would rather choose NATO membership as an alternative to its non-alignment). One of the reasons for this is the still insufficient degree of trust between the two countries and the insufficient deterrence value of such an alliance. However, this does not rule out joint defence planning in the future without assuming formal casus foederis. Helsinki's choice of a new fighter aircraft will greatly influence the scale of military co-operation between Finland and Sweden in the coming decades. Sweden will certainly resort to the argument of interoperability and the possibility to use Swedish air bases in the process of lobbying so that Finland chooses the Swedish aircraft JAS 39 Gripen.

2. Co-operation with the USA

The Cold War balance of power made defence co-operation between Finland and the USA impossible. The situation changed immediately after the collapse of the USSR, when Finland decided to procure 62 US F-18 fighter aircraft (1992). Thus the USA became a strategic partner in the development of Finland's air force, which still affects the co-operation in training pilots, exercises and the modernisation of aircraft. Since Finland has small missile stockpiles, supplies from the USA would be of key significance for the Finnish air force in case of conflict (the domestic defence industry is working mainly for the needs of the land forces). The navy and the land forces are increasingly interested in co-operation with the USA (procurement of naval weapons and modernisation of the artillery).

Although the USA has supplied around half of Finland's armament and military equipment purchased abroad since 1990, this has not translated into more extensive defence co-operation[52]. On the one hand the reasons for this included the lack of Finland's NATO membership and the US focus on military engagement outside Europe (mainly the Middle East). On the other hand, enhancing defence co-operation with the USA has met with political resistance, especially

[51] Even though a vision of such an alliance has been pushed through by some Finnish politicians and is supported by nearly half of citizens. *Poll shows support for military union with Sweden*, YLE, 23 March 2014, http://yle.fi/uutiset/osasto/news/poll_shows_support_for_military_union_with_sweden/7151598

[52] Collective work, *NATO's Northeastern Flank – Emerging Opportunities for Engagement*, RAND Corporation, 2017, https://www.rand.org/pubs/research_reports/RR1467.html, p. 209.

from the Finnish centre-left; the reasons for that being anti-American sentiment and an unwillingness to inflame relations with Russia[53].

Over the past few years, these limitations have gradually been overcome as a result of the development of Russia's military capabilities. The strengthening of the US military presence in the Baltic states and Poland since 2014 has reinforced the perception of the USA in Finland as a guarantor of the *status quo* in the Nordic-Baltic region. In turn, Finland's significance for the USA has grown, given the possibility of monitoring Russian military activity in the Far North and guaranteeing the security of the Baltic states[54]. Finland wants to use the increased US military presence in the region to intensify co-operation with the USA in the area of bi- and multilateral exercises, and therefore to improve interoperability – mainly of both countries' air forces and, since recently, also of the land forces. Arrow 2016 was the first ever military exercise on Finnish soil which engaged a US mechanised infantry company. Finland has also invited the USA to take part in a large national defence exercise planned to be held in 2021 that will be modelled on the Swedish Aurora 2017 exercise[55]. The Finnish engagement in US military exercises in the region (Saber Strike, BALTOPS) has also increased. In 2016, the two countries signed a statement of intent to enhance defence co-operation[56]. All this is aimed at demonstrating to Russia that the non-aligned Finland is part of the West and in fact a northern extension of NATO's eastern flank. Military co-operation with the USA is supported by 59% of Finns (35% are opposed to it)[57].

In the future, Finnish-US military co-operation will include increasingly advanced military exercises and further US engagement in the modernisation of Finland's armed forces. The US offers Finland the sale of anti-missile and anti-aircraft (ESSM) and anti-ship (Harpoon) missiles for the navy and coastal

53 Finland does not participate in the US Foreign Military Financing and the National Guard's State Partnership Program.

54 Finland is building its position in relations with the USA also through expeditionary engagement (100 soldiers in Iraqi Kurdistan as part of the US-led coalition against Islamic State).

55 The participation of US forces in such exercises will mark a breakthrough in the Finnish defence policy.

56 J. Gotkowska P. Szymański, *Pro-American non-alignment. Sweden and Finland develop closer military co-operation with the United States*, "OSW Commentary", 1 April 2016, https://www.osw.waw.pl/en/publikacje/osw-commentary/2016-04-01/pro-american-non-alignment-sweden-and-finland-develop-closer; P. Szymański, *Bliższa współpraca obronna Finlandii i USA w cieniu Su-27*, "OSW Analyses", 12 October 2016, https://www.osw.waw.pl/pl/publikacje/analizy/2016-10-12/blizsza-wspolpraca-obronna-finlandii-i-usa-w-cieniu-su-27

57 *Finns' opinions...*, November 2017, *op. cit*.

artillery[58] as well as a new fighter aircraft for the air force (F-35 or Super Hornet).

3. Co-operation with NATO

Despite the gradual opening up to military co-operation with the West, Finland has not made efforts to join NATO since the end of the Cold War. The factors that decided about this included both fears of Moscow's reaction and of Finland's being involved in a conflict between Russia and the West as well as the conviction that after the collapse of the USSR, Europe would manage to build a new security order. Finland also wanted to keep the sense of continuity in its foreign and security policy in which no such radical turn had been made after 1991 as in the case of the countries from the former Eastern Bloc. It was motivated by the fact that one of the pillars of Finland's international identity is the legacy of the CSCE, with Finland playing the role of a broker between the East and the West. NATO membership is currently supported by 2 out of 9 parliamentary parties and 22% of the Finnish public (62% are opposed to it). Interestingly, the support level is the lowest among the age group which is currently becoming involved in politics (25–34 years)[59]. A section of the political centre-right who perceive accession to NATO as an investment in Finnish security emphasise the significance of allied guarantees in deterring Russia. Meanwhile, the centre-left, who believe that accession to NATO would adversely affect the Finland's level of security, traditionally views the non-aligned status as a factor that contributes to stability in the region. Low public support for membership is an effect of many factors, including: the legacy of the Winter War (the belief that Finland is capable of independent defence) and the Cold War neutrality policy, the unwillingness to participate in distant conflicts and the perception of NATO as an aggressive alliance, as well as the fact that this issue remains a secondary topic in political parties' agendas (and therefore in electoral campaigns and public debate)[60].

Regardless of the divisions, subsequent governments have gradually developed ever closer co-operation with NATO, without applying for membership.

[58] R. Häggblom, *No Finnish Harpoon/ESSM-order (at least for now)*, "Corporal Frisk", 7 February 2018, https://corporalfrisk.com/2018/02/07/no-finnish-harpoon-essm-order-at-least-for-now/

[59] *Finns' opinions...*, November 2017, *op. cit.*

[60] J. Gotkowska, P. Szymański, *Between co-operation and membership. Sweden and Finland's relations with NATO*, "OSW Studies", February 2017, https://www.osw.waw.pl/en/publikacje/osw-studies/2017-03-03/between-co-operation-and-membership-sweden-and-finlands-relations

The introduction of NATO standards in the Finnish armed forces and the participation in NATO exercises and operations (the Balkans and Afghanistan) were an important instrument of their modernisation. The high level of interoperability with NATO forces demonstrated through the Finnish participation in NATO Response Force (NRF) since 2012 means that there are no barriers in military terms to Finland's membership in the alliance. Helsinki wants Moscow to view it as a reliable alternative to Finland's non-alignment and thus prevent Russia from pursuing a policy that would pose a threat to Finland's security interests. For this reason Finland does not officially rule out applying for membership in case of unfavorable changes in its security environment.

NATO's stronger concentration on collective defence since the annexation of Crimea contributes to shifting the centre of gravity of Finland-NATO relations from global crisis management to the Baltic Sea region, thus creating new perspectives for establishing closer co-operation. One example is the Host Nation Support agreement with NATO that make it possible for NATO to use Finland's territory, territorial waters and airspace at peacetime, in crisis situations and in case of conflict – each time subject to the Finnish government's consent (this agreement has been in force since 2016). Furthermore, since 2014, Finland has belonged to a group of five privileged partners of NATO as part of the Enhanced Opportunities Partnership, which offers it greater opportunities of co-operation as regards exercises, military operations and consultations on security in the Baltic Sea region[61]. These are held in the 28+2 format (NATO plus Sweden and Finland).

Finland is unlikely to take action to join NATO during the next parliamentary term (2019–2023). Objection from the Social Democrats and the Centre Party will not be the only obstacle – even the pro-NATO parties (the National Coalition Party and the Swedish People's Party) believe that, considering the current tensions between Russia and the West, the application for membership needs to be postponed. However, the development of the discussion on Finland's NATO membership to a great extent depends on the future of Sweden's security policy. Sweden's application for NATO membership would stoke Finland's fears of remaining in the security 'grey zone' between NATO and Russia, provide a strong argument to its supporters in Finland, and weaken the objection of the centre-left and the public. It is in Helsinki's interests to coordinate the issues of possible NATO membership with Sweden to avoid repeating the situation

[61] Exchange of information with NATO in order to build joint situational awareness is also very important for Finland.

from the 1990s, when Sweden's application for accession to the European Community came as a surprise to Finland. The further reinforcement of the allied deterrence in the Nordic-Baltic region is another factor that may cause a revision of the approach to NATO in Finland, as this places increasing emphasis on the difference between members and non-members.

4. Co-operation in the European Union

Finland, with its peripheral location and non-aligned status, treats enhancing European integration as an investment in its own security. For this reason it actively participates in discussions on the future of the Common Security and Defence Policy which, in its opinion, should become an effective instrument of improving member states' military capabilities[62]. Finland, which has a well-developed arms industry, sees the benefits of establishing the European Defence Fund (EDF). Helsinki actively supported the initiation of Permanent Structured Cooperation (PESCO) in the area of security and defence and became engaged in the first stage in three projects in radio communication, the mobility of forces (so-called military Schengen) and cyber security[63]. However, Finland traditionally opposes transforming the EU into a military alliance. This is an effect not only of Finland's non-alignment and unwillingness to provide security guarantees to the Baltic states but also of the differences in the defence policies of the member states, including the understanding of the mutual assistance clause (article 42.7 of the Treaty of the European Union).

[62] J. Sipilä, *Developing the EU's defence dimension is in Finland's interest*, Government of Finland, 7 June 2017, http://vnk.fi/en/artikkeli/-/asset_publisher/paaministeri-juha-sipila-eu-n-puolustusulottuvuuden-kehittaminen-on-suomen-etu

[63] The European Secure Software defined Radio, the Military Mobility and the Cyber Rapid Response Teams and Mutual Assistance in Cyber Security. Finland also has observer status in the Cyber Threats and Incident Response Information Sharing Platform. T. Wiegold, *Vollzugsmeldung: PESCO, mehr Zusammenarbeit in der Verteidigung, in Kraft (Update)*, "Augengeradeaus", 11 December 2017, http://augengeradeaus.net/2017/12/vollzugsmeldung-pesco-mehr-zusammenarbeit-in-der-verteidigung-in-kraft/

IV. FINLAND'S ARMED FORCES: A MODEL DETERRENCE OR A PAPER TIGER?

From Finland's viewpoint, Russia's wars with Georgia and Ukraine have proven that it is right to stick to the principle of total defence and a conscript army concentrated on national defence tasks[64]. At the same time, the Russian annexation of Crimea sparked a discussion on the weaknesses of the Finnish defence model resulting from financial and materiel shortages and the time needed to mobilise reservists. As a result, Finland began investing in improving the level of the army's combat readiness and is increasing the wartime strength of its armed forces for the first time since the collapse of the USSR. The Finnish armed forces are composed of reserve units and are focused on training conscripts, which makes it difficult to assess their real defence capabilities.

1. The conscript army and the defensive doctrine

Since 1991, Finland has maintained the foundations of its defence doctrine formed in the 1950s and 1960s – general conscription, a large trained reserve, territorial defence principle, and a total defence system. The arguments for maintaining this doctrine included: the continuing sense of threat from Russia, the socio-political support for conscription and the economic crisis in the 1990s which discouraged the government from a costly professionalisation of the armed forces. This makes Finland distinct from most countries in the region which, since the late 1990s, have invested in expeditionary capabilities for the needs of NATO crisis management operations.

Finland still believes that a conscript army is cheaper and more effective. One of the arguments for the extensive engagement of its small population (5.5 million) in the country's defence is the need to defend its large territory (338 km^2)[65] and long border with Russia. Compulsory military service is also an important part of civil education – around 70% of annual cohort of male citizens is drafted (during the Cold War period this ratio reached around 95%). The ageing of society will be a challenge for the Finnish armed forces in the future. The smaller number of conscripts may provoke a discussion

[64] Total defence means the participation of all state structures and society in wartime efforts. Comprehensive security is building the country's resilience to all kinds of military and non-military threats through civilian and military co-operation at peacetime.

[65] Finland has the lowest population density among the EU member states.

on a greater opening up of the Finnish armed forces to women's military service. 81% of citizens supported conscription in 2017[66].

Finland assumes that as a country situated in the periphery of its civilisational base (the West) and bordering on a potentially hostile power, it must constantly demonstrate its will and readiness to defend its sovereignty. It does so mainly through conscription (over 20,000 conscripts trained annually) and refresher training for reservists (around 18,000 annually). At the same time, Finland profiles its military posture and defence investments in a way that will not be interpreted by Russia as developing offensive capabilities. From Finland's viewpoint, the main deterring factor should above all be its capability to mobilise a substantial reserve force (in 2017, the wartime strength of Finnish armed forces reached 230,000 soldiers, i.e. over 4% of population), which raises the costs of any possible aggression. Therefore, Finland's armed forces at peacetime is a training structure with a small number of professional soldiers (8,000) focused on work with conscripts. However, this is also the cause of the greatest weakness of the Finnish land forces: the low level of units' combat readiness[67]. Mobilisation of the reserve is time-consuming, while Russia has tactical military formations along the border that can launch offensive actions at short notice[68]. Finland's air force and navy are more professionalised than its land forces, and as such have a higher level of combat readiness.

The insufficient defence budget also has an impact on the condition of the Finnish armed forces. In Finland, other priorities, for example, welfare state expenses, often prevail over the needs of the army. For this reason the Finnish plans to increase defence budget need to be viewed with caution[69]. The long-standing stagnation in defence expenditure at a level around 1.5% of GDP has resulted in shortages in weapons and military equipment, including for the needs of wartime forces. For example, the number of navy vessels has decreased

[66] *Finns' opinions...*, November 2017, *op. cit*.

[67] The special forces are the only part of the Finnish land forces prepared for immediate response. S. Forss, L. Kiianlinna, P. Inkinen, H. Hult, *The Development of Russian Military Policy and Finland*, National Defence University of Finland, 2013, p. 56.

[68] This concerns the mechanised brigades: 138th in Kamenka (Leningrad Oblast), 80th in Alakurtti (Murmansk Oblast) and 200th in Pechenga (Murmansk Oblast).

[69] One of the government's priorities after the election in 2015 was to gradually increase defence expenditure that was excluded from the austerity programme. Meanwhile, in 2016-2018 military expenditure were raised by only 2.5% (from 2.8 to 2.87 billion euros).

over the past few years, and the parliamentary report prepared in 2014 pointed to shortages of anti-tank and air defence systems[70].

The land forces which have significant artillery and armoured potential are the most important branch of the Finnish armed forces. At peacetime they consist of five brigades (including the Arctic and the armoured brigade) and two regiments (the special forces and one tasked with urban warfare, especially the defence of the Helsinki area). At wartime the manoeuvrable component (around 35,000 soldiers) is to be the main strike force of the land troops. The territorially organised regional component (around 125,000 soldiers) is tasked with slowing down the enemy (see Appendix 2). The navy is in charge of protecting the sea lines of communication and denying access to the Finnish coastline (the great significance of minelaying)[71]. Ensuring air superiority used to be the main role of the air force. However, since the second mid-life upgrade of the F/A-18 Hornet fighter fleet (gaining air-to-surface capabilities by equipping it with JASSM missiles and JDAM and JSOW precision bombs), which was completed in 2016, their tasks have been expanded to include air support[72]. For a country with a population of 5.5 million, Finland has strong fighter fleet – 62 modernised F/A-18 Hornets.

2. Adjustment to the new challenges

Even though the key elements of the defence doctrine have been preserved, the Finnish armed forces are being reformed under the influence of new trends in military technology and in the security environment. Investments in offensive capabilities are the most important change. Increasing the level of combat readiness along with a greater readiness to recieve and provide military aid also carry great weight.

[70] *Long-term challenges of defence: final report of the parliamentary assessment group*, Parliament of Finland, May 2014, https://www.eduskunta.fi/FI/tietoaeduskunnasta/julkaisut/Documents/ekj_5+2014.pdf

[71] Baltic Sea transport is of key significance for Finland, since around 90% of its exports and 80% of its imports are transported by sea. H. Haapavaara, *Merivoimille neljä 105-metristä korvettia – 1,2 miljardilla suurimmat alukset sitten panssarilaiva Ilmarisen ja Väinämöisen*, "Tekniikka & Talous", 17 January 2018, https://www.tekniikkatalous.fi/tekniikka/metalli/merivoimille-nelja-105-metrista-korvettia-1-2-miljardilla-suurimmat-alukset-sitten-panssarilaiva-ilmarisen-ja-vainamoisen-6696642

[72] *All Finnish Air Force's Hornets Upgraded to MLU 2*, Finnish Defence Forces, 16 December 2016, http://ilmavoimat.fi/en/article/-/asset_publisher/kaikki-ilmavoimien-hornetit-on-nyt-paivitetty-mlu-2-tasoon

(1) Quantity versus quality. Since the end of the Cold War, Finland has conducted a number of reforms of its armed forces guided by the principle of replacing the quantitative approach with investments in improving the quality of the training of soldiers, and of military equipment (see Appendix 3). This entailed gradual reductions in the number of professional military personnel and in the size of wartime forces, which were correlated with the shrinking of the Russian army after the collapse of the USSR. Since the 1990s, Finland has reduced its wartime forces by more than a half — from 530,000 to 230,000 soldiers. Another cause behind this was the search for budgetary savings, which was essential during the most thorough reform conducted in 2013–2014 after the financial crisis. The wartime strength was reduced then from 358,000 to 230,000 soldiers, which most of all affected the land forces (cut from 265,000 to 160,000). There have also been reductions in professional military personnel (from 15,000 to 12,300, including civilians), the scale of refresher exercises for the reserve (from 25,000 to 18,000 reservists annually) and the general number of structures in the armed forces (from 51 to 32) by merging units, centralising logistics, and eliminating one level of command (i.e. four regional commands whose competences have been taken over by brigades), among other measures[73].

An analogous trend has also been seen in military equipment. Finland has been gradually withdrawing or modernising its Cold War era weapons (mainly post-Soviet), focusing on the acquisition of smaller quantities of more technologically advanced systems. Given its budget limitation, Finland prefers buying second-hand armament from its partners (e.g. Leopard tanks from Germany and the Netherlands, MLRS multiple rocket launchers from the Netherlands and K9 self-propelled howitzers from South Korea). A less frequent choice is to acquire new armament, as was the case when Finland replaced the Soviet Buk air defence systems with the Norwegian-US NASAMS 2. In general, the Finnish army has a limited quantity of modern materiel (mainly for manoeuvrable forces) and a still large Cold War era arsenal (mainly for regional forces). Finland is to allocate an additional 150 million euros annually to the new procurements from 2021. In the coming decade, Helsinki is planning to acquire new multi-role vessels (at an estimated cost of 1.2 billion euros) and fighter aircraft (at an estimated cost of 7–10 billion euros). By these ambitious modernisation programmes Finland's defence budget is intended to rise to the level of 2%

[73] *Kokonaisarvio puolustusvoimauudistuksesta valmistunut*, Ministry of Defence of Finland, 31 October 2016, http://www.defmin.fi/ajankohtaista/tiedotteet/kokonaisarvio_puolustusvoimauudistuksesta_valmistunut.8043.news; P. Felstead, *Northern composure*, "Jane's", 2017, http://www.janes.com/images/assets/660/69660/Northern_composure.pdf

of GDP starting from 2022 (increasing the public debt). During the implementation of both programmes Finland will most likely try to balance procurements from Sweden and USA. Given the huge (for Finland) costs of the new vessels and fighters Finland's armament plans may face some delays.

The Russian-Ukrainian war provoked a discussion in Finland as to whether the army reform completed in 2014 had been reasonable. As a result, in June 2017, Finland adopted a new strategic planning document (the Government's Defence Report) under which its armed forces' wartime strength was increased to 280,000 soldiers, which is set to strengthen mainly the regional forces[74]. However, the significance of this correction of the reform should not be overstated, since it will be achieved partly by including conscripts and border guards, who have previously not been counted, into the wartime forces. Nor does this solve the problem of the insufficient number of professional soldiers (around 600 positions remained unmanned in the Finnish armed forces due to budget cuts). Besides this, it raises the question whether army is capable of providing mobilised reservists with sufficient quantity of weapons and military equipment. It is possible that technological progress and the additional burden linked to training conscripts will force Finland to increase the number of professional soldiers.

(2) Conventional versus hybrid conflict. The Finnish armed forces are focused on developing its capabilities of repelling a conventional attack. However, the conclusions made after the Russian Crimean operation have made Finland attach greater importance to counteracting hybrid threats. As part of this, it has strengthened the border guard (in terms of personnel, equipment and new powers), updated the military exercises scenarios and introduced a number of legal amendments enabling a more rapid response to the emergence of subversive paramilitary groups and the expropriation of real estate located close to military objects when there is a suspicion that these can be used against the country's defence potential. The European Centre of Excellence for Countering Hybrid Threats established in 2017 in Helsinki for NATO and EU member states is expected to be an important tool to improve resilience to hybrid aggression.

(3) Combat readiness. Although the need to increase the level of combat readiness of the armed forces had been discussed for a long time, it has only been

[74] *Government's Defence Report*, Government of Finland, 16 February 2017, https://www.defmin.fi/files/3688/J07_2017_Governments_Defence_Report_Eng_PLM_160217.pdf

in the past few years that a number of new solutions were adopted in this area[75]. These include updating the reservists' database (900,000 reservists), increasing the number of refresher exercises for reserve soldiers (due to funding shortages, only 4,000-5,000 reservists participated in them annually in 2012-2014; this number is 18,000 at present) and adapting additional airfields to accommodate standby fighters (Quick Reaction Alert). Furthermore, since 2016, the president has had the right to call up as many as 25,000 reservists for snap drills (without the three months' notice that had hitherto been required). This line of strengthening defence capabilities is also included in the Government's Defence Report which assigns some conscripts to the rapid manning of units in the event of a crisis or conflict. Their military service has been extended from 6 to 12 months. Since 2018, Finland will allocate an additional 55 million euros annually on improving the level of its army's combat readiness. These changes are aimed at reducing Russia's initial strike advantage in case of a conflict and improving flexibility in responding to irregular warfare.

(4) Offensive capabilities and retaliation. The purchase of 70 US JASSM long-range cruise missiles (air-to-surface) in 2012, which are already integrated with Finnish Hornets, was a deviation from the principle of developing strictly defensive capabilities. They have a range of up to 350 km, which means that Finland for the first time in history is capable of destroying targets at the rear of the enemy's forces. At the same time, Finland upgraded its MLRS multiple rocket launchers, gaining the capability of using GMLRS guided ammunition which have a range of up to 70 km and ATACMS ballistic missiles with a range of up to 165 km (purchase of latter was postponed). However, these have been the only moves made by Finland so far that can be recognised as building its own offensive capabilities (mainly due to defence buget constraints)[76].

(5) International co-operation. The Finnish armed forces, which until recently stuck to the principle of independent defence, are increasingly opening up to the option of receiving and providing military assistance. This pertains not only to the agreement with NATO (Host Nation Support), but also to legislation changes introduced in June 2017 that allow Finland to ask another state, the EU and international organisations for military support. At the same time,

[75] P. Järvenpää, *Preparing for the worst: conscription and reserve forces in the Nordics*, ICDS, October 2016, https://icds.ee/wp-content/uploads/2016/ICDS_Analysis_-_Preparing_for_the_Worst_-_Pauli_Jarvenpaa.pdf

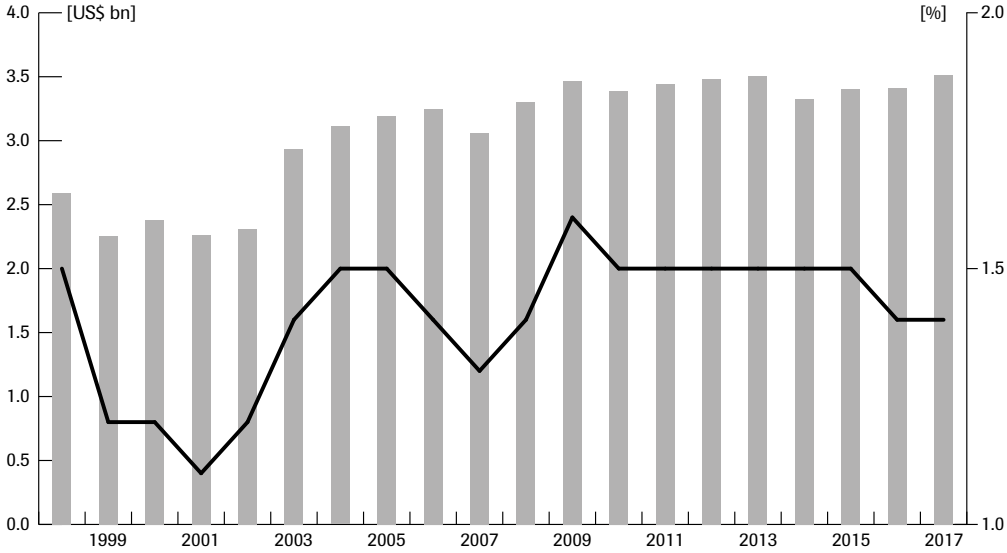
[76] In the case of the navy, the purchase of Harpoon missiles (RGM-84Q-4 Harpoon Block II Plus ER) would ensure such capabilities.

Finland will be able to send its soldiers abroad with a mandate to use force in order to aid another state[77]. These are essential changes in the Finnish defence policy because until recently the law permitted engaging the armed forces only in three cases: national defence tasks, support to the administration, and participation in crisis management operations. Work on amending relevant legislation began in 2009 and gained momentum after France activated the mutual assistance clause of the Treaty of Lisbon (article 42.7) in effect of the terrorist attacks in 2015.

[77] Decisions to this effect are taken by the president in co-operation with the government and after consultations with parliament (commission for foreign affairs).

APPENDICES

Appendix 1. Finland's military expenditure in billions of US$ and as a percentage of GDP



Source: SIPRI Military Expenditure Database, SIPRI, https://www.sipri.org/databases/milex

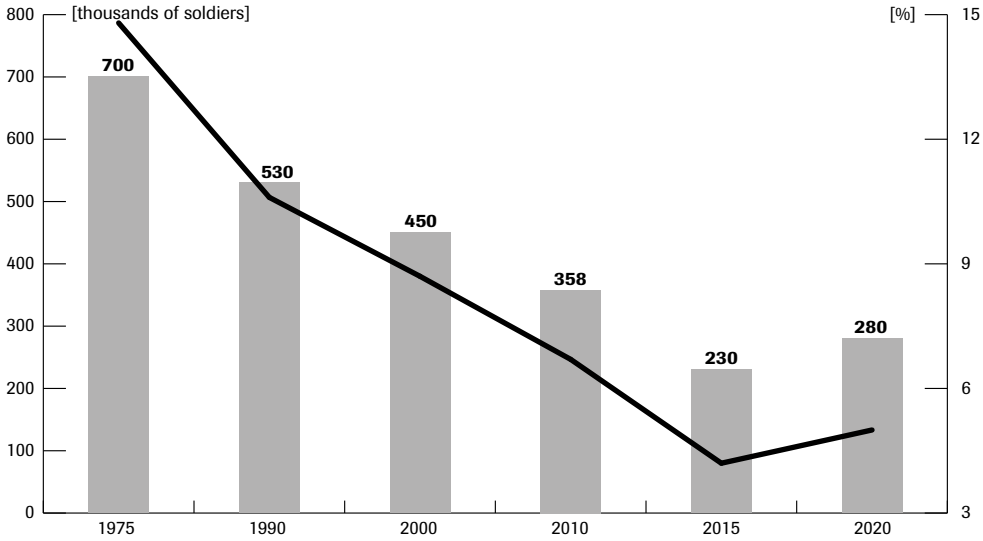
Appendix 2. Finland's armed forces in 2017[78]

	Land Forces	Navy	Air Force	Total
Professional soldiers and civilian personnel	4,300 (of which civilians: 800)	1,400 (of which civilians: n/a)	2,000 (of which civilians: n/a)	12,300 (of which civilians: 4,300)
Conscripts*	20,000	3,400	1,300	25,000
Wartime strength	160,000	20,000	24,000	230,000**
Most important military equipment	**Tanks** (180): 100 x Leopard 2A4, 80 x Leopard 2A6 **Infantry fighting vehicles** (212): 110 x BMP 2, 102 x CV9030 FIN **Armoured personnel carriers** (709), including: 339 x MT-LBV, 260 x Sisu XA-180/185 **Tracked carriers** (1200) **Command vehicles** (161) **Support vehicles** (24) **Howitzers** (775), of which: 471 x D30 towed howitzers, 132 x K83/K98 towed howitzers, 72 x 2S1 self-propelled howitzers **Mortars** (716): 698 x KRH 92 mortars, 18 x AMOS self-propelled automatic mortars **Multiple rocket launchers** (75): 41 x M270 MLRS, 34 x RM70 **Anti-tank weapons**: M72 LAW RPG anti-tank guided missiles MBT LAW, Spike and TOW 2 **Air defence systems:** 24 x NASAMS 2, Crotale SAM, Stinger and RBS70 (ASRAD-R) MANPADS **Helicopters** (27), of which: 20 x NH90 tactical transport helicopters **UAV** (11): 11 x reconnaissance ADS 95 RANGER	**Missile boats** (8) **Minelayers** (5) **Minesweepers** (13) **Landing crafts** (51) **Auxiliaries** (29)	**Fighter aircraft** (62): 7 x F/A-18 D, 55 x F/A-18 C **Trainer aircraft** (74) **Transport and surveillance aircraft** (12), of which: 3 x CASA C-295M, 3 x Learjet 35 A/S	

* Number of conscripts trained annually, ** In addition to the three branches of the armed forces, for example, logistics is considered part of the wartime strength.

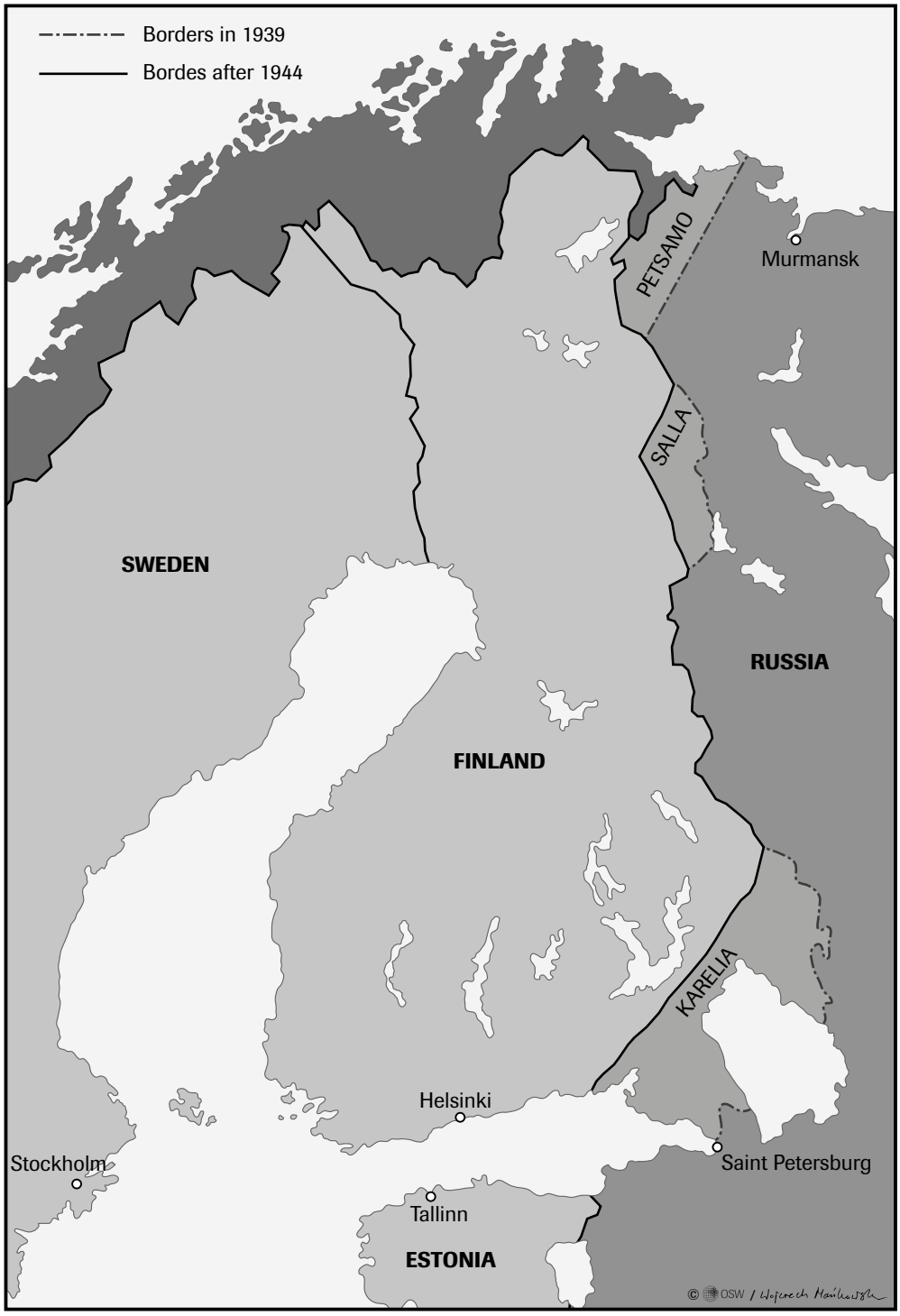
[78] Developed on the basis of the website of Finland's armed forces, http://puolustusvoimat.fi/etusivu, https://puolustusvoimat.fi/en/exchange-of-information and *The Military Balance 2016*, IISS, London 2016, pp. 92–94.

Appendix 3. Finland's wartime strength of armed forces in thousands of soldiers and as percentage of population



Source: P. Visuri, *Evolution of the Finnish Military Doctrine, 1945-1985*, "Finnish Defence Studies", War College, Helsinki 1990; R. Penttilä, *Finland's search for security through defence, 1944-89*, London 1991; *Population*, Statistics Finland, https://www.stat.fi/til/vrm_en.html; *The Military Balance*, IISS

Map. Finland's territorial losses in World War II



Source: R. Penttilä, *Finland's search for security through defence, 1944-89*, London 1991