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NEIGHBOURING AN UNPREDICTABLE RUSSIA

Implications for Finland



ULKOPOLIITTINEN INSTITUUTTI
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Implications for Finland

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Russia's aggressive policy in Ukraine took many observers by surprise and raised deep concern about the implications of the country's new foreign policy.¹ But just how has Russia's foreign policy changed exactly? In addressing this question, we argue that the underlying goals of Russian foreign policy have not really changed that much at all.

Russia has perceived itself as a great power and has sought international acknowledgement of its status for years. The fact that Moscow regards the post-Soviet space as its sphere of 'privileged interests' and the sovereignty of the other post-Soviet states as subordinate to Russia's national interests is nothing new. Likewise, Russia has persistently objected to the dominant role played by the US in world politics, and the enlargement of NATO. It has attempted to influence the security policy orientation and political choices made by post-Soviet states, and other states neighbouring Russia, such as Finland. These goals are well-established and are likely to remain fundamentally unchanged for years to come.

Thus, Moscow's recent foreign policy change has first and foremost been concerned with the *level of activity and means and methods* it is ready to deploy in order to achieve its foreign policy goals. Russia is more willing than ever since the end of the Cold War to take considerable risks and deploy all means available – be they in the economic, military, political, cultural or information and communications sphere – to advance its long-term goals internationally.

This paper sets out to assess what the practical implications of this change in Russian foreign policy are, and what they imply

for a small neighbouring state such as Finland. More specifically, the paper analyses the risks that the new Russian foreign policy creates for Finland. Some of the risks are rather unlikely, but if they materialise, their consequences will be extreme, while others are more likely to occur in one form or another, but the consequences for Finland's future and wellbeing are more limited. Based on this risk analysis, the report makes some recommendations on how Finland should prepare for and respond to the risks posed by Russia's changing foreign policy.

This paper is based on the view that there is a strong connection between Russia's foreign policy change and the nature of Russia's political system, and certain internal developments that have challenged the system. It is likely that there will be no systemic change in Russia in the near future, and hence no sudden, fundamental change of direction in foreign policy is in sight.

This paper is an abridged version (essentially covering only the concluding chapter) of an original Finnish-language research report published by the Prime Minister's Office of Finland assessing Russia's changing role and its implications for Finland.² The research project has been funded by the Government Plan for Analysis, Assessment and Research for 2015, a research instrument coordinated by the Prime Minister's Office of Finland. While the report has been funded by the government, the authors take responsibility for the content, which does not necessarily reflect the view of the government, or the Finnish Institute of International Affairs.

Previous publications within this research project include an analysis of the nature of Russia's governing system and recent internal developments that have challenged

1 On the change in Russian foreign policy, see e.g. Giles, Keir et al. (2015): *The Russian Challenge*. Chatham House Report, The Royal Institute of International Affairs (Chatham House), 4 Jun 2015: <https://www.chathamhouse.org/publication/russian-challenge-authoritarian-nationalism>, last accessed 27 Oct 2016 and Covington, Stephen R. (2015): *Putin's Choice for Russia*. Belfer Center for Science and International Affairs, Harvard Kennedy School: http://belfercenter.hks.harvard.edu/publication/25676/putins_choice_for_russia.html, last accessed 27 Oct 2016.

2 Martikainen, Toivo; Katri Pynnöniemi; Sinikukka Saari & Ulkopolitiisen instituutin työryhmä (2016): *Venäjän muuttuva rooli Suomen lähialueilla*. Valtioneuvoston selvitys- ja tutkimustoiminnan julkaisusarja 34/2016, Valtioneuvosto 30.8.2016: http://www.fia.fi/publication/607/venajan_muuttuva_rooli_suomen_lahialueilla/, last accessed 27 Oct 2016.

it³, and three briefing papers examining Russia's changing policies in external energy relations⁴, Arctic policy⁵, and the Baltic Sea security policy⁶, respectively. All of these papers are available in English on the FIIA website.

This report sums up the main findings of these case studies, and analyses the risks that Russia's changing role has engendered, and how a small European state like Finland should respond. In this way, the paper seeks to contribute to the current debate on Russia and, more specifically, focuses on how to deal with the negative consequences stemming from Russia's changing role in the international arena.

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- 3 Laine, Veera; Toivo Martikainen, Katri Pynnöniemi & Sinikukka Saari (2015): *Zugzwang in slow motion? The implications of Russia's system-level crisis*. FIIA Analysis 6, The Finnish Institute of International Affairs: http://www.fia.fi/fi/publication/554/zugzwang_in_slow_motion/, last accessed 27 Oct 2016.
 - 4 Martikainen, Toivo & Antto Vihma (2016): *Dividing the EU with energy? Unpacking Russia's energy geoconomics*. FIIA Briefing Paper 191, The Finnish Institute of International Affairs: http://www.fia.fi/fi/publication/571/dividing_the_eu_with_energy/, last accessed 27 Oct 2016.
 - 5 Käpylä, Juha; Harri Mikkola & Toivo Martikainen (2016): *Moscow's Arctic dreams turned sour? Analysing Russia's policies in the Arctic*. FIIA Briefing Paper 192, The Finnish Institute of International Affairs: http://www.fia.fi/fi/publication/575/moscow_s_arctic_dreams_turned_sour/, last accessed 27 Oct 2016.
 - 6 Pynnöniemi, Katri & Charly Saloniemi-Pasternak (2016): *Security in the Baltic Sea Region: Activation of risk potential*. FIIA Briefing Paper 196, The Finnish Institute of International Affairs: http://www.fia.fi/fi/publication/597/security_in_the_baltic_sea_region/, last accessed 27 Oct 2016.

THE LINK BETWEEN RUSSIA'S INTERNAL DEVELOPMENTS AND ITS FOREIGN POLICY

Russia's internal developments and the nature of the regime go some way towards explaining the changes in Russia's external behaviour. The political and economic governance systems are closely intertwined and power is essentially based on the control of 'strategic resources', most fundamentally on the control of natural resources such as oil and gas. Formal institutions and democratic governance have been taken over by a myriad of networks linking together the Kremlin administration, the *siloviki* (the security strongmen), as well as representatives of major state corporations and other business leaders. This so-called *sistema*, authoritatively defined by Alena Ledeneva, distributes wealth and political power, and simultaneously enables and restricts the use of power and Vladimir Putin's leadership.⁷

The rationality of the *sistema* should be evaluated first and foremost based on the cohesion of the Russian elite, rather than on the quality of the decisions the *sistema* produces. For instance, although diversifying the Russian economy could be considered a 'rational' policy in many respects, it is not rational from the insider's perspective. The power in the *sistema* is not linked to the formal position an individual holds, but to their privileged access to the key resources: financial assets, bureaucratic resources, and information, as well as the ability to hold sway over public law enforcement and private security services. The state-owned companies play an important role in the *sistema*; they control the extraction of natural resources and have direct access to financial flows generated from export revenues. A shift towards economic diversification would not immediately undermine the current constellation of economic and political power, but would eventually bring about changes to it. Every time much-needed reforms and the interests of the regime have clashed, the current regime has chosen the status quo and

tightening its control of society and the economy over reforms.

Since the regime is unable and unwilling to carry out systemic changes and fundamental reforms, it needs to respond to Russia's economic downturn and political stagnation with other means. Domestically, this has meant going into crisis mode and 'internal mobilisation', characterized by more aggressive use of information resources and the strengthening of enemy images, assertive patriotism and tighter control of society. While the internal mobilisation and portrayal of Russia as a 'besieged fortress' seem to have improved the system's resilience in the short term (as evidenced by Putin's popularity ratings), the underlying systemic problems remain unresolved.⁸ The Kremlin is taking advantage of the crisis mode in order to legitimise its power and increase domestic resilience.

This crisis mode is also reflected in Russia's foreign policy: Russia is surrounded by enemies and hence it needs to defend itself by aggressively going on the offensive.⁹ A bold and victorious foreign policy is a way to increase domestic resilience and gain public support; although living standards may not increase and corruption and other everyday problems remain unresolved, the regime has been able to project Russia's increasing influence and mighty force in world politics (see Figure 1).

In general, the Russian approach to external conflicts can be described as a combination of tools used first in the context of domestic political management, in the post-Soviet space, and more recently in Russian foreign and military policies more generally. Using a variety of means ranging from political, informational, economic and financial to military spheres, the adversary is forced into a defensive posture and off balance, and thus, the conditions are created for a (military)

⁷ Ledeneva, Alena V. (2013): *Can Russia Modernise? Sistema, Power Networks and Informal Governance*. Cambridge University Press, Cambridge.

⁸ For more on this, see Laine et al. 2015.

⁹ As Putin put it in Vladimir Solovyov's documentary film *World Order* (*Miroporyadok*, 2015) "if a fight is inevitable, then one should be the one that strikes first".

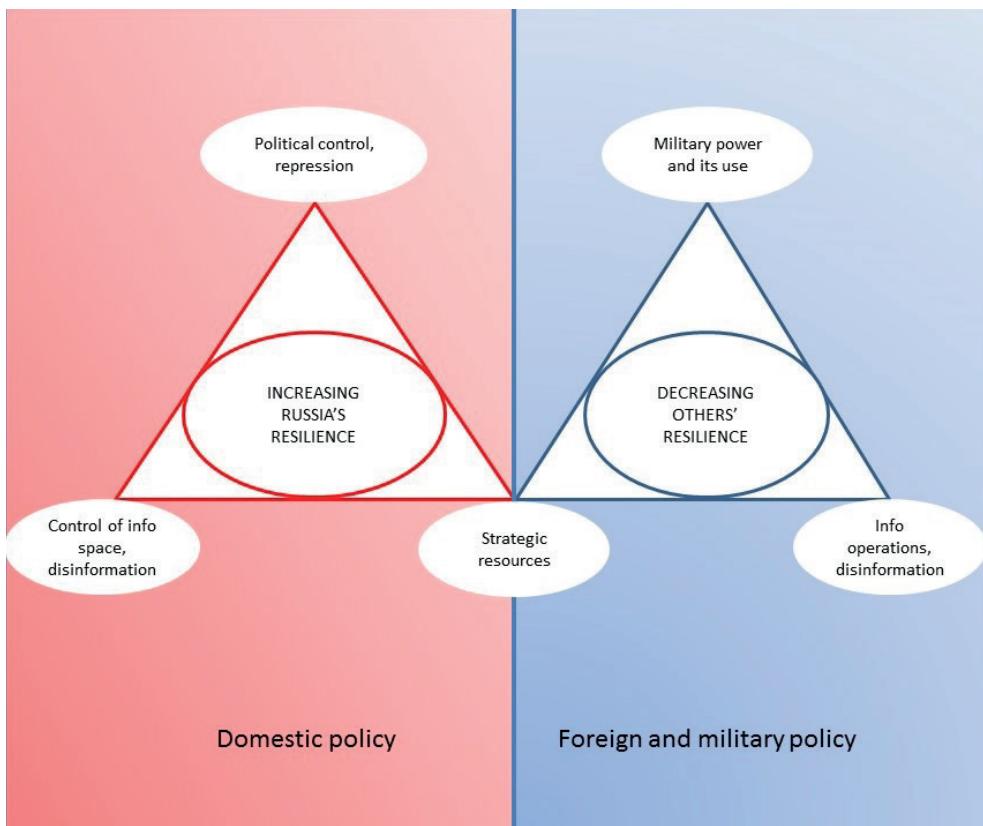


Figure 1: The mirror image of Russia's domestic and foreign policies.

surprise.¹⁰ The operation in Crimea brought to the fore Russia's key strengths compared to Western actors, namely quick decision-making capability combined with modern

¹⁰ Pynnöniemi, Katri & András Rácz (2016): *Fog of Falsehood: Russian Strategy of Deception and the Conflict in Ukraine*. FIIA Report 45, The Finnish Institute of International Affairs: http://www.fia.fi/fi/publication/588/fog_of_falsehood/, last accessed 27 Oct 2016. See also Rácz, András (2015): *Russia's Hybrid War in Ukraine. Breaking the Enemy's Ability to Resist*. FIIA Report 43, The Finnish Institute of International Affairs: http://www.fia.fi/fi/publication/514/russia_s_hybrid_war_in_ukraine/, last accessed 27 Oct 2016; Jonsson, Oscar & Robert Seely (2015): "Russian full-spectrum conflict: an appraisal after Ukraine", *The Journal of Slavic Military Studies*, 16 Mar 2015: <https://sakpol.files.wordpress.com/2015/03/jonsson-seely-2015-russian-full-spectrum-conflict.pdf>, last accessed 27 Oct 2016; Reisinger, Heidi & Alexander Golts (2015): *Russia's hybrid warfare – waging war below the radar of traditional collective defence*, Nato Research Paper No. 105: <http://www.ndc.nato.int/news/news.php?icode=732>, last accessed 27 Oct 2016.

military force and effective tools of 'strategic deception'.¹¹

This combination of factors has been termed 'hybrid war'. Without delving into terminological debates on the accuracy of this concept, the bottom line is that a successful 'hybrid' operation requires years of preparation and the political will to undermine the target country's sovereignty when the opportunity arises. Thus, even if the term itself does not accurately summarise Russia's view on the nature of war, discussion of the

¹¹ Strategic deception is a generic term used, for example, with reference to British and Allied intelligence operations during WWII. In the Russian context, it refers to measures undertaken to conceal military objects, but also in a wider sense to the systematic use of propaganda and disinformation as a part of foreign policy. See Pynnöniemi & Rácz 2016.

hybrid threats has provided important insights into what is taking place.¹²

Figure 1 illustrates the interconnection between the domestic and foreign policy spheres. This connection can best be understood as two sides of the same coin: although immediate and long-term goals differ (increase/decrease in resilience), the logic of action is similar. The control of key assets (strategic resources, the media, political parties, major economic players) is considered a prerequisite for, and means to achieve one's objectives. The bottom line is that Russia is currently able to take advantage of its three main foreign policy resources: the agility of an authoritarian system, geoeconomic resources (first and foremost energy¹³), and tools of strategic deception. When combined with the willingness to take risks to achieve its goals, this creates a situation where Russia always seems to be one step ahead of others.

The conclusions of this paper indicate the relatively permanent nature of Russia's internal developments and its foreign policy orientation. Within the scope of the current system, neither Russia's domestic situation nor its foreign policy are likely to change substantially, although in terms of foreign policy one might witness a short-term dé-tente and pullbacks in line with Russia's tactical needs and its resources. This paper

also corroborates the view that it is extremely difficult for external actors to influence Russia's policies and its internal logic. Therefore, the policy recommendations in this paper focus more on the ways in which Finland and other countries can prepare for and mitigate the risks inherent in the functioning of the Russian *sistema* and those stemming from Russia's foreign and military actions.

12 Rácz, András (2015): *Russia's Hybrid War in Ukraine. Breaking the Enemy's Ability to Resist*. FIIA Report 43, The Finnish Institute of International Affairs: http://www.fia.fi/fi/publication/514/russia_s_hybrid_war_in_ukraine/, last accessed 27 Oct 2016; Renz, Bettina & Hanna Smith (2016): *Russia and Hybrid Warfare – Going Beyond the Label*. Aleksanteri Papers 1/2016: http://www.helsinki.fi/aleksanteri/english/publications/presentations/papers/ap_1_2016.pdf, last accessed 27 Oct 2016; for a critique of the hybrid war concept, see e.g. Kofman, Michael (2016): "Russian Hybrid Warfare and Other Dark Arts", *War on the Rocks*, 11 Mar 2016: <http://warontherocks.com/2016/03/russian-hybrid-warfare-and-other-dark-arts/>, last accessed 27 Oct 2016.

13 On Russia's use of energy in its foreign policy in a geoeconomic manner, see Martikainen & Vihma 2016 and Wigell, Mikael & Antto Vihma (2016): "Geopolitics versus geoeconomics: the case of Russia's geostrategy and its effects on the EU". *International Affairs*, 92:3.

THE FEATURES AND IMPLICATIONS OF RUSSIA'S CHANGE

This chapter outlines the key features of Russia's development, the risks posed by these features, as well as some policy recommendations for Finland on how to best deal with the risks. The first five features have more to do with the internal characteristics of the Russian *sistema*, and the latter five with its foreign policy. The analysis draws on previous research on Russian internal economic and political developments, on Russian foreign and military policy, and on what is often referred to as Russian 'strategic deception'. As noted earlier, this paper is abridged from a more extensive Finnish language report that examines Russia's changing role and its implications for Finland.

A risk is defined here as a possible negative consequence for other states and constituencies stemming from Russia's policies and actions. Risks are analysed according to the probability (high or low) of the risk, and its impact (high or low) if actualised. Thus, the identification of the following set of features and the risks related to them is not yet confirmation that the negative development possibilities would eventually be actualised. It is, however, important to anticipate as clearly as possible the logic that produces risks and the potential consequences those risks may have for Finland and for EU–Russia relations in general.

It should be emphasised that not all of the features carry equal 'weight' in the overall analysis. Some features are clearly systemic in character (e.g. Features 1 and 2), which means that any change in that feature will have a major impact on all policy spheres. Other features (e.g. Feature 4), on the other hand, are more limited in scope. This means that the possible negative consequences are not necessarily less significant, but they do not potentially change the whole structure of relations. Further research is needed to explain the connection, or at least a potential set of connections, between change in the situational context (e.g. worsening of the economic recession in Russia) and its impact on the 'weight' of the set of features identified in this paper. This type of analysis is, however, beyond the remit of the present paper.

Feature 1: Russia's systemic incapability to reform

The years of high oil prices and fast growth are over, and structural problems are becoming increasingly visible in Russia: the standard of living is decreasing, innovation and investment are lacking, corruption and energy dependency are ever-present, and the rule of law and feed-back loops from citizens to decision-makers are missing. But if the elite were to respond to these challenges, it would also mean risking their control and power – which they are not willing to do.¹⁴ In other words, there is a system-level incapability to undertake major structural reforms in the country.¹⁵ The government policies and governance practices reinforce, rather than help to mitigate, negative development trends, perhaps most importantly the uneven regional development, inconsistent investment policies and increasing differences in the standard of living among the population.

Hence, Russia is caught up in a vicious circle: the systemic incapability to undertake structural reforms leads to long-term economic weaknesses, which, in turn, have a negative impact on people's well-being, and consequently on the political

14 See e.g. Oxenstierna, Susanne (ed.) (2015): *The Challenges of Russia's Politicized Economic System*. Routledge: London and NY; Gelman, Vladimir (ed.) (2017): *Authoritarian modernization in Russia. Ideas, Institutions, and policies*. Routledge: London and NY.

15 For a historical perspective on reforms in Russia, see Kolesnikov, Andrey (2015): *Vlast' posle 2018 goda: vozmozhny li reformy v Rossii? Istoricheskiy opyt i novaya perestroika*. Carnegie Moscow Center, 17 Nov 2015: <http://carnegie.ru/publications/?fa=61991>, last accessed 27 Oct 2016; on economic modernization efforts during President Medvedev's term, see e.g. Pynnöniemi, Katri (2014): "Science Fiction: President Medvedev's Campaign for Russia's 'Technological Modernization'", *Demokratizatsiya: The Journal of Post-Soviet Democratization*, Vol. 22, No. 4, Fall 2014, pp. 605–625; Hanson, Phil (2011): *Risks in Russia – is the environment changing?*, Electronic Publications of the Pan-European Institute, No. 6: <https://www.utu.fi/fi/yksikot/tse/yksikot/PEI/raportit-ja-tietopaketit/Documents/Hanson%20final.pdf>, last accessed 27 Oct 2016.

stability of the country. The immediate risks are linked to arbitrariness of decision-making, the likelihood of state seizures of private property, and other factors that make the Russian business environment unpredictable.

It is not beyond the realms of possibility, even if the risk is low, that an external political event or other major external or internal incident will undermine the fragile stability provided by the *sistema*, plunging Russia into a deep economic crisis, which could be accompanied and/or followed by a political crisis either in the regions, in Moscow, or in both at the same time. However, more likely than this extreme scenario is the continuing gradual deterioration of financial, political and social resources in the country.

Due to these negative features, it is difficult to recommend large-scale direct strategic investments in the country. While Russia is still a large market from the Finnish perspective, and will remain so, investments should be targeted at non-strategic sectors that are as stable as possible. The current economic crisis highlights the fact that companies that can move their production to Russia to protect themselves from currency risks are in a better position compared to those which cannot.

An economic outlook which remains weak in the mid- to long term, combined with inconsistent and often unpredictable policies, means that Russia will not be the saviour of Finnish exports even when the EU sanctions regime against Russia and its counter-sanctions eventually come to an end. It is in Finland's interests to diversify its exports and to actively search for new export markets around the world. A better understanding is needed with regard to the fact that Russia's economic issues are structural and will not be solved even if the sanction regime is lifted.

Feature 2: Personification of power and weak institutions

A central feature of Russian politics is that political decision-making follows the letter, but not the spirit of formal political institutions (see Feature 1). Political decisions are shaped by unofficial power networks and the situational context more than formal rules and norms. Furthermore, as 'manual control'¹⁶ is constantly needed to manage the system, formal institutions remain weak and the justice system is not independent. Interpretation of the law is selective, even arbitrary, and often reflects the interests of the power networks. Taken together, these factors make Russian politics unpredictable, meaning, for example, that outcomes of the conflicts within the system are hard to foresee, even for insiders.¹⁷

One of the key risks resulting from weak institutions is the unrestrained nature of policy-making. The Russian leadership can change course in a radical way without hardly any restraints from the justice system or political institutions. The speed of decision-making can result in rash decisions which are not easy to undo, precisely because the leadership must be perceived as strong and unerring to guarantee public popularity and the legitimacy of the system. The inherent personification of power is a major handicap of the system: the lack of a reliable succession mechanism makes it more vulnerable and prone to instability than the Soviet Union ever was. As a result, rearrangements in the power networks can produce

¹⁶ Manual control refers to interventions by those in power to ensure the system produces desired outcomes which secure their interests, for instance by using administrative resources and methods of informal governance. See Ledeneva 2013, pp. 85–90 for more.

¹⁷ For more on this, see Oxenstierna, Susanne (2015): "The Decline of the Russian Economy. Effect of the non-reform agenda". *Baltic Worlds*, vol VIII; and Ledeneva 2013.

unexpected chains of events and unpredictable outcomes.¹⁸

Thus, unpredictability is ingrained in the Russian political system; it is one of its basic features, and something that the Russian leadership can use to its own advantage during the crisis. Hence, it is necessary for countries in close proximity to prepare for surprises. This can be achieved by increasing public awareness of potential risks related to the current developments in Russian domestic politics and their security-political implications for neighbouring countries. Open communication is required in order for state institutions to ready themselves for a possible negative turn of events. For this reason, situational awareness of what is happening in Russia needs to be actively maintained and updated with sufficient resources.

Maintaining and developing direct and regular bilateral contacts both with the Russian state leadership and at the lower administrative levels is useful from this point of view as well. However, the expectations towards these contacts need to be revised to a level that corresponds with current realities. Furthermore, Finland should continue co-ordinating with its European partners in advance of pursuing its bilateral contacts with Russia. Embarking on a bilateral relationship with Russia on its own without a European anchor would place Finland in a risky position.

Feature 3: Market mechanism deficiencies in Russia

The Russian political system (Feature 1) and Russia's economic geography (long distances within the country and to the world markets) set limits on the functioning of the market mechanism in the country. State-owned companies in particular are often used to

promoting the domestic or foreign policy goals of the Russian leadership, which means that market logic must make way for other priorities. Accordingly, a specific company's value is not always calculated in terms of its market competitiveness, but rather in relation to its input into regime stability and foreign policy goals in the short run. Although such vested interests are not unprecedented in other countries, network-based decision-making mechanisms (instead of formal institutions) make outside actors particularly vulnerable to abrupt policy changes, corruption and other political risks related to major strategic investments in Russia.

The tendency to maximise short-term profits instead of strategically developing the business field is another feature of the Russian business environment. Although these risks are widely known, it is often the case that public foreign actors at least implicitly rely on the principle of inter-dependence in their dealings with Russia.¹⁹ Therefore it is important to acknowledge that Russia will remain a difficult investment environment where the protection of property is weak. Although many sectors of the economy function normally (according to market logic), those sectors that are considered strategic are subject to 'securitisation' and 'manual control'. This increases the political risks of investments in Russia, and lowers the prospects for economic recovery after the crisis.²⁰

From Finland's point of view, this naturally means substantial risks for major investments in the so-called strategic sectors. The multi-billion euro investments by the Finnish energy company Fortum in electricity and heat production in Russia's Ural region is the most substantial Finnish investment in Russia. With the Finnish state as the majority owner of Fortum, this also points to a significant investment of Finnish national wealth in Russia. The risk related to these investments

18 On the effects of shifts in the power networks, see e.g. Zygar, Mikhail (2016): *Vsyu kremljovskaya rat'. Kratkaya istoriya sovremennoy Rossii. Intellektual'naya literatura*, Moskva; Pavlovsky, Gleb (2015): *Sistema RF. Istochniki rossiyskogo strategicheskogo povedeniya. Metod George F. Kennan*. Izdatel'stvo Evropa: Moskva.

19 For a critique of mutual dependence thinking in EU-Russian relations, see Martikainen & Vihma 2016.

20 On the Russia's economic woes, see e.g. BOFIT Forecast for Russia 2016–2018. The Bank of Finland, 21 Mar 2016: http://www.suomenpankki.fi/bofit_en/seuranta/ennuste/Pages/bve116.aspx, last accessed 27 Oct 2016.

has thus far been controllable, and no sudden aggressive actions by the Russian authorities targeted at Fortum's investments are to be expected. The fact that other European energy companies have similar investments in Russia somewhat reduces the risk related to Fortum. The risk could be actualised in an extreme crisis between Russia and the West, which is unlikely to be in the interests of either party.

In a situation where market mechanism deficiencies constitute a relatively long-term feature of the Russian system, one cannot recommend new direct strategic investments in Russia. This does not preclude conducting profitable business in Russia, but one must understand the distinct nature of the Russian economy to be able to fare successfully. It is necessary to openly acknowledge the political and economic risks ingrained in the current Russian system and to take a more realistic view towards them.

Feature 4: Increasing political control and internal mobilisation

During Vladimir Putin's third presidential term, the space for political discussion has decreased substantially, due to legislative changes (such as the so-called separatism laws and foreign agent laws as well as most recently the Yarovaya legislative package²¹), and as a result of a change in the general atmosphere in Russia. The illegal annexation of Crimea gave rise to a patriotic wave in support of the Russian state, and this uplift has been maintained and strengthened with the

21 The Yarovaya legislative package, introduced in the summer of 2016, increases control of the internet by demanding Russian telecoms operators to release information about their customers to the authorities. See e.g. Bovt, Georgy (2016): "Gde yaytsa i gde 'paket Yarovoy'". *Gazeta.ru*, 1 Aug 2016: <http://www.gazeta.ru/comments/column/bovt/9725009.shtml>, last accessed 27 Oct 2016.

skillful use of enemy images and aggressive foreign policy rhetoric.²²

Russian actors who offer political alternatives to the current system are often seen as unpatriotic, and Western actors in particular are considered hostile towards Russia. Even though a large percentage of the Russian population supports the current system and its policies in opinion polls, the situation is not univocal. Russia's emigration statistics have grown substantially due to the economic downturn and the confrontational situation in international politics. The highly educated and well-off urban middle class in particular is more willing to emigrate than before, and more than 350,000 people emigrated from Russia in 2015.²³

The emigration of a talented and creative cohort of the population can have direct and indirect negative consequences for technical innovation, quality of decision-making in

22 On internal mobilisation, see Laine et al. 2015; Monaghan, Andrew (2016), *Russian State Mobilization. Moving the Country on to a War Footing*, Research Paper, The Royal Institute of International Affairs, May 2016: <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2016-05-20-russian-state-mobilization-monaghan-2.pdf>, last accessed 27 Oct 2016; and Laine, Veera (2016): *State-led Nationalism in Today's Russia: Uniting the people with conservative values?* FIIA Working Paper 92: http://www.fia.fi/en/publication/626/state-led_nationalism_in_today_s_russia/, last accessed 28 Oct 2016.

23 Until 2012, emigration was defined in statistics as living outside of Russia for 12 months or more. After 2012, a 9-month period outside of the country was enough to count as emigration. However, the years 2012–2014 are comparable. Semenova, Ksenya (2015a): *A New Emigration: The Best Are Leaving. Part 1*. Institute for Modern Russia, 7 Apr 2015: <http://imrussia.org/en/analysis/nation/2224-a-new-emigration-the-bestare-leaving-part-1>, last accessed 27 Oct 2016; Semenova, Ksenya (2015b): *A New Emigration: The Best Are Leaving. Part 2*. Institute for Modern Russia, 23 Apr 2015: <http://imrussia.org/en/analysis/nation/2238-a-new-wave-of-emigrationthe-best-are-leaving-part-2>, last accessed 27 Oct 2016; Mezhdunarodnaya migratsiya. Federalnaya sluzhba gosudarstvennoy statistiki (Rosstat): http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/demography/#, last accessed 27 Oct 2016.

private and public agencies, as well as for the overall atmosphere in society. The weakness of the political institutions also means that the societal feedback mechanism is weak, which in effect means that the country's leadership might not be aware of the special characteristics and the seriousness of Russia's problems – a feature reminiscent of a similar problem faced by the Soviet leadership in the late 1980s. In a worst-case scenario, the calls and the pressure for change could build up and eventually erupt, which would mean great instability in Russia.

Finland needs to actively communicate that despite the sanctions regime, the West is not trying to isolate Russia or the Russian people, but instead wishes to broaden and develop economic, scientific and cultural cooperation in areas outside the sanctions regime. Individual contacts and conversations help dispel prejudice on both sides and prevent enemy images from taking root among the Russian population. At a more general level, the Russian enemy rhetoric must be confronted: it must be communicated to the Russian people that the West does not regard Russia as an enemy and is not planning to attack the country (which is one common misconception in Russia), but, on the contrary, seeks cooperation within the rules that have been commonly agreed upon. Simultaneously, it must be clearly communicated that the means Russia has chosen to promote its foreign policy goals endanger international security and contravene international treaties that Russia has itself ratified, and that the sanctions regime is the EU's way of letting the Russian leadership know that Moscow has violated international law. The exchange of views and development of best practices to counter Russian propaganda and disinformation at the EU level and between individual countries is important and should be allocated the necessary resources and expertise.

Feature 5: Regional divisions and the crisis of the regional economy

For quite some time, researchers have discussed the differing economic realities of Russia's regions. For instance, Natalya Zubarevich has argued that Russia's economic geography can be divided into 'four Russias': the wealthy metropolises, the industrial cities, the small towns and villages, and the North Caucasus region.²⁴ The current economic crisis has made these regional divisions even more visible. The metropolises and the regions receiving substantial budgetary support are still doing relatively well, whereas the economic outlook is rapidly deteriorating elsewhere. The regional policies are in line with political priorities: Crimea and Chechnya are being supported at the expense of other regions, Crimea for political- and Chechnya for stability-related reasons.

The deepening socio-economic divisions between regions and sections of the population may have political consequences, for example in the form of local and regional-level economic protests, inter-ethnic clashes around Russia, and further marginalisation of certain segments of the population. The central power's lack of resources might also lead to the strengthening of regional identities and regional political activities, which might in an extreme scenario result in a violent response from the central power. The separatist legislation and the recent rearrangements in the government, such as the establishment of the National Guard, signal that this risk is being taken seriously by the

24 Zubarevich, Natalya (2011): "Chetyre Rossii". *Vedomosti.ru*, 30 Dec 2011: http://www.vedomosti.ru/opinion/articles/2011/12/30/chetyre_rossii, last accessed 27 Oct 2016. For a more recent analysis in English, see Zubarevich, Natalya (2016): "Four Russias: the new political reality". *OpenDemocracy.net*, 1 Feb 2016: <https://www.opendemocracy.net/od-russia/natalia-zubarevich/four-russias-new-political-reality>, last accessed 27 Oct 2016.

central power.²⁵ Regional divisions are likely to deepen in a relatively slow manner, but they will nevertheless create gradual and ‘hidden’ autonomisation of the regional economies. In the worst case, some regional governments might default, which would require interventions by the central power.

The mitigation of risks resulting from increased regional economic divisions and possible internal political instability is difficult. Irrespective of whether the major risks materialise, it is to be expected that region-to-region cooperation will suffer due to tightened legislation on separatist activity and foreign funding, and the overall atmosphere and shrinking space for civil society in Russia. The immediate and concrete consequences of this situation for the Finnish-Russian kindred nation cooperation, neighbouring area cooperation and environmental cooperation are difficult to foresee with any real clarity. Although there is little chance of changing this larger constellation, Finland should try to adhere to these forms of cooperation within the scope of possibilities. While the options of outside actors are strictly limited, all parties must clearly communicate to Russia that none of these forms of cooperation are aimed against Russia.

Feature 6: Strategic use of energy resources in foreign policy

The Russian economy is basically a resource economy, since the Russian budget, and economic growth in general, are directly linked to the world market price of the main natural resources. On the one hand, this can be seen as a major handicap for Russia when it comes to the development of an economy based on innovations and modern technology. On the other hand, Russia has been rather successful at capitalizing on its strategic resources.

25 Monaghan, Andrew (2016): *Russian State Mobilization: Moving the Country on to a War Footing*. Chatham House Research Paper, The Royal Institute of International Affairs (Chatham House): <https://www.chathamhouse.org/publication/russian-state-mobilization-moving-country-war-footing>, last accessed 27 Oct 2016.

In the Russian thinking, a ‘geoeconomic’ approach is applied to these strategic resources.²⁶ So far, the West has mostly been the target of geo-economic ‘carrot’ strategies (for instance by offering energy at a discount price in return for policies that please Moscow), instead of direct ‘stick’ methods (such as direct energy supply cuts or threats thereof) that have been tried and tested in the post-Soviet space.²⁷

Current practices, no matter how well-established, are no guarantee that things will remain the same in the future. For a long time, Russia has had two distinct foreign policy fields (the post-Soviet space, i.e. the ‘near abroad’, and other ‘foreign states’), where the logic and policy instruments were different. Now it seems that these two fields are gradually converging, and policy instruments that have traditionally been applied exclusively to former Soviet states are now being used towards other countries as well.

Geo-economic ‘carrot’ policies might lead to dividing the EU ranks, which would weaken the status of Finland and other small EU member states. Russia’s practice of taking advantage of energy dependencies in a geo-economic manner has the potential to reduce the sovereignty of smaller target countries in particular, even in the current circumstances by creating an incentive for them to please Moscow in return for cheaper energy supplies.²⁸ The situation would be even worse were Russia to use the geo-economic ‘stick’ as well, namely direct pressure, in its policies towards Finland, for instance in a situation where Finland would take major political decisions against Russia’s interests.

26 See e.g. Russian Energy Strategy: “Energeticheskaya strategiya Rossii na period do 2030 goda”. Available at: <http://www.infobio.ru/sites/default/files/Energostrategiya-2030.pdf>, last accessed 27 Oct 2016.

27 On geo-economic sticks and carrots, see Martikainen & Vihma 2016; and Wigell & Vihma 2016.

28 On Gazprom’s varying natural gas pricing for different European countries, see e.g. Ispolatov, Sergey (2013): “Bolshe vsekh v Yevrope ‘Gazpromu’ platyat makedontsy i polyaki”. *Izvestia.ru*, 1 Feb 2013: <http://izvestia.ru/news/544100>, last accessed 27 Oct 2016.

The events of summer 2015 concerning the deal for the construction of Pyhäjoki nuclear power plant (a joint Finnish-Russian venture Fennovoima with substantial Russian financing and the state nuclear corporation Rosatom as the supplier) are a case in point. Russia was able to take advantage of the fact that the Finnish government had prioritised the completion of the deal. The first attempt to achieve the required 60 per cent European ownership quota in the project failed when it became apparent that the Croatian venture, Migrit Solarna Energija, was a Russian dummy company. The deal was closed at the last minute when the Finnish state majority-owned energy company Fortum announced that it would become a project partner, albeit reluctantly.²⁹ Although Fortum duly ‘rescued’ the project for the Finnish government, the company was unable to achieve its own objectives: a share in the Karelian hydro-electric power system that it had eyed for years. Instead, what Fortum got in return was a political ‘safety cushion’ for its major investments in the electricity and heat business in Russia’s Ural region.³⁰

The Finnish government’s aspiration to decouple political and business considerations in deals involving Russia is at odds with

29 The interim CEO, Timo Karttinen, admitted that participating in the project was not Fortum’s “target”, but it “enables the Fennovoima project to proceed within the timeline the Finnish government has set to the project”. See Fortum press release: “Fortum to participate in the Fennovoima project with 6.6 per cent share – TGC-1 restructuring negotiations in Russia still not concluded”. <http://www.fortum.com/en/mediaroom/pages/fortum-to-participate-in-the-fennovoima-project-with-66-per-cent-share-tgc-1-restructuring-negotiations-in-russia.aspx>, last accessed 27 Oct 2016.

30 For more information, see Martikainen & Vihma 2016; Tynkkynen, Veli-Pekka ”Poliittinen riski ja geopolitiikka Suomen ja Venäjän energiakaupassa – tapaus Fennovoima”, *Vesitalous* 4, 2016: <http://winlandtutkimus.fi/wp-content/uploads/2016/07/JULKAISTU-Poliittinen-riski-ja-geopolitiikka-Suomen-ja-Ven%C3%A4j%C3%A4n-energiakaupassa-%E2%80%93-tapaus-Fennovoima-Tynkkynen.pdf>, last accessed 27 Oct 2016.

the Russian view on the topic, as exemplified by the latter’s reluctance to allow foreign companies to develop the Karelian energy system.³¹ Again, it cannot be said with any certainty what the consequences would be for Fennovoima, or particularly for Fortum, should the relations between Russia and the West deteriorate further. However, it is safe to assume that this issue will be on the political agenda for Finnish-Russian relations in the future as well.³²

In order to cope with problems stemming from Russia’s geoeconomic actorness, it is necessary to heighten the awareness of policymakers concerning Russia’s inner logic. This is especially important since a contradictory argument has gained popularity in the public discussion. According to this argument, political decisions (decisions that require political deliberation) are justified by suggesting that the issue should be viewed in purely commercial terms. This argumentation implies that Russian investments are driven by market logic, or that this would be a matter which Finland or other small states have the power to decide when dealing with Russia’s state-owned actors. This reasoning prevails, for example, with regard to the Nord Stream 2 gas pipeline project. The Finnish policy is to frame it as an environmental matter much like Nord Stream 1. However, given the change in the overall political environment, it can be argued that de-politicising the gas pipeline project at the EU level is not in Finland’s interests. On the contrary, Finland should strive for the formulation of a common and realistic Russia policy for the EU, including matters of strategic importance in the energy policy.

31 Tynkkynen 2016, 38.

32 In a reply to an official request by the Ministry of Economic Affairs and Employment on the Fennovoima project, the Finnish Foreign Ministry stated that due to the economic importance of the project, and its political significance for Russia, the building of the nuclear power plant will stay on the political agenda of Finnish-Russian relations. “Lausunto”, Ulkoministeriö 21 Jun 2016: <http://tem.fi/documents/1410877/2616019/Ulkoministeri%C3%B6n+lausunto.pdf>, last accessed 27 Oct 2016.

In the current situation, it is entirely reasonable to assess ongoing and future projects based on the geoeconomic risks created by the dependencies they entail. This does not mean unduly increasing threat perceptions, but is merely a realistic and rational operational model in changed circumstances.

In the Pyhäjoki nuclear power plant project, it is necessary to let the Finnish authorities work according to their own premises and to make it clear to the Russian party that the Finnish authorities are not acting under political instructions, and will not do so. The Finnish nuclear safety authority, STUK, is playing an important role, as it is the authority that endorses the safety of the power plant. A comprehensive appreciation of Russia's information practices, as well as its intelligence measures and the risks involved, is an essential prerequisite for sound policy-making also in this case.³³ This will not shield Finland from problems, but it will provide a better basis for protecting its own interests, should Russia want to link this project to other potential 'hot spots' in Finnish-Russian relations in the future.

Feature 7: Influencing domestic politics and public opinion in target countries

Russia is systematically trying to influence foreign constituencies, particularly in Europe, with varying degrees of success.³⁴ The best-known example is the 'Lisa case' in Germany, where Russia's state television channels and even foreign minister Lavrov accused the German authorities of covering

33 On Russian intelligence related to energy projects, see Galeotti, Mark (2016): *Putin's Hydra: Inside Russia's Intelligence Services*. ECFR Policy Brief, European Council on Foreign Relations: http://www.ecfr.eu/publications/summary/putins_hydra_inside_russias_intelligence_services, last accessed 27 Oct 2016.

34 The results of our recent research show that Russian foreign propaganda has had fairly limited success in penetrating the mainstream media in Europe. Furthermore, a link has been established between the presence and visibility of Russian propaganda narratives and the existing political affiliations of the media actors. Pynnöniemi and Rácz 2016.

up the rape of a German-Russian girl by immigrants. The story turned out to be a fabrication, but Russia was nevertheless able to mobilise the Russian-speaking minority in Germany and increase their doubts concerning the impartiality of the German authorities.³⁵ Russian influence operations have been adapted to the post-modern media environment, although traces of Soviet-era practices, and even narratives, can be observed.³⁶

In Finland, an obvious example was the border question in the winter of 2015–2016, when Russia suddenly began to let third-country citizens access the Russian-Finnish border to seek asylum in Finland.³⁷ This breached a decades-old common border practice in the process, without actually breaking any official agreements. A total of 1,713 asylum seekers arrived in Finland from Russia during the winter months. The Russian border zone is controlled by the FSB, which acts under the direct command of

35 See e.g. Kim, Lucian (2016): "Russia having success in hybrid war against Germany". Reuters, 7 Feb 2016: <http://blogs.reuters.com/great-debate/2016/02/07/russia-having-success-in-hybrid-war-against-germany/>, last accessed 27 Oct 2016. On Russian information operations in general, see Pynnöniemi & Rácz 2016.

36 Pynnöniemi & Rácz 2016.

37 Prior to the influx of asylum seekers at the Russian-Finnish border there was a brief seemingly similar case at the Russian-Norwegian border. That case has been explained by Moe Arild and Lars Rowe by the changes in journey prices from conflict areas (Syria, North-Africa) to Europe; i.e. that the Eastern European route became so expensive and insecure that the asylum seekers sought alternative routes. The authors of this report have not studied the Norwegian case but this line of argumentation does not seem to apply to the Finnish case: many of the asylum seekers at the Russian-Finnish border had spent years in Russia and represented almost 40 different nationalities, including from states such as Pakistan and Nepal. In this case the price of the journey from the conflict areas to Europe is not a sufficient factor explaining the sudden influx of refugees. See Moe Arild, Lars Rowe, "Asylstrømmen fra Russland til Norge i 2015: Bevisst russisk politikk?", *Nordisk Ostførums Vol 30, No 2 2016: https://tidsskriftet-nof.no/index.php/noras/article/view/432*, last accessed 27 Oct 2016.

the state leadership. The issue became a political bone of contention in the two countries' bilateral relations and was 'resolved' by signing a temporary agreement that restricts border crossings at two border-crossing points.³⁸ A possible explanation for this episode is Russia's aim to test the reaction and operational readiness of the Finnish authorities and to gauge public opinion under unusual circumstances. One straightforward example of the message Russia wanted to send was a mention by a Russian official to his Finnish counterpart during the negotiations that Russia has 11 million foreigners living in its territory.³⁹

Influencing public opinion in Finland and in many other countries is difficult for Russia, not least for historical reasons. The influence of Russian metanarratives on the conflict in Ukraine, more recently on the conflict in Syria, and on the Finnish mainstream media remains by and large limited.⁴⁰ Exerting an influence might be easier when carried out indirectly and in smaller target groups. The specific narratives tailored to the situational context in Finland portray Finland as a

country sidelined in the EU,⁴¹ and strive to present the Russian-speaking population in Finland as a united group that is being discriminated against or even in danger.⁴² Traditionally, Russian information operations favoured historico-political interpretations that emphasise the role of the Bolshevik leader Lenin in Finland's independence in 1917 and the importance of friendly relations between the two countries. The celebrations commemorating the centenary of Finland's independence in 2017 will provide an opportunity for Russian actors to strengthen these narratives suggesting that Finland's sovereignty was a personal 'gift' by Lenin.⁴³

The risks related to the Russian minority in Finland are relatively small: most Russians living in Finland moved to the country after the fall of the Soviet Union and their reasons for immigration are heterogeneous. Using the Russian minority to actively promote Russian interests in Finland is difficult. Pro-Russian political movements in Finland are, in fact, not even movements but mere individuals. It is, however, necessary to invest more resources in integrating all minorities, including the Russian minority, into Finnish society, and to quickly and decisively address their social problems, such as unemployment and language issues.

Notwithstanding the limited success of Russian information-psychological operations so far, Finland and other EU member

³⁸ "Cross-border traffic at Salla and Raja-Jooseppi to be restricted". Ministry of the Interior, 23 Mar 2016: http://www.intermin.fi/en/current_issues/news/1/1/cross-border_traffic_at_salla_and_raja-jooseppi_to_be_restricted_66650, last accessed 27 Oct 2016. The temporary agreement has now expired but the issue has not reemerged on the Finnish-Russian agenda.

³⁹ Higgins, Andrew (2016): "EU Suspects Russian Agenda in Migrants' Shifting Arctic Route". *The New York Times*, 2.4.2016: http://www.nytimes.com/2016/04/03/world/europe/for-migrants-into-europe-a-road-less-traveled.html?_r=0, last accessed 27 Oct 2016. For more information on the asylum seekers, see Bergquist, Mats, François Heisbourg, René Nyberg & Teija Tiilikainen (2016): *The effects of Finland's possible NATO membership*. Ministry for Foreign Affairs, 29 Apr 2016: <http://formin.finland.fi/public/default.aspx?contentid=345685&nodeid=49542&contentlan=2&culture=en-US>, pp. 16 & 53, last accessed 27 Oct 2016.

⁴⁰ The Russian perspective (metanarratives) is presented in the media as 'the other side of the story'. However, the public debate on Russia is frequently framed with whataboutism arguments and attempts to portray criticism towards Russia as 'Russophobia'.

⁴¹ For example, the Russian newspaper *Vzglyad* stated in August 2014 that 'the Finnish government may become the first victim of the sanctions war between Russia and the EU', *Vzglyad* 14.8.2014: <http://www.vz.ru/world/2014/8/14/700202.print.html>, last accessed 27 Oct 2016.

⁴² The disinformation about Finnish authorities working with Russian-speaking families (child cases) is carried out by a few individuals and disseminated mainly in the Russian social media and internet, but occasionally reaches the Russian mass media channels (TV) as well.

⁴³ For example, then speaker of the Russian parliament, Sergei Naryshkin, compared Bolshevik governments' nationality policy with the current situation (the annexation of Crimea) during the meeting with Finnish parliamentarians. *Interfax*, 2 Jul 2015: <http://www.interfax.ru/russia/451124>, last accessed 27 Oct 2016.

states should build their capacity to analyse and potentially counter aggressive information operations. Heightening public awareness of groups and individuals disseminating falsehoods and misinformation about a target country and a specific conflict situation, and Russia's role in it, is a prerequisite for a sound EU policy towards Russia. It is also necessary to strengthen Finnish intelligence as a whole and to update the legislation concerning intelligence gathering, which is currently in the works by the government. At the same time, the rapidity and clarity of official communications should be ensured. The best antidote to information influence is open and reliable communications and a high level of education. That way, when citizens receive official information on these matters, they will be able to build up a realistic picture of what is happening.

Feature 8: Lower threshold for using military power

Russia's means to achieve its foreign policy goals have changed. In Ukraine, Russia has combined the threat of a major military offensive with the rapid deployment of special forces and economic pressure to achieve its immediate goals. Geographical proximity and historical ties are among the factors that made the Crimean military operation possible in the first place. Successfully repeating a similar formula in other countries neighbouring Russia would be more difficult.⁴⁴

In the Baltic Sea region, Russia's increased military activity (several snap military drills yearly including a simulated nuclear strike targeting Swedish territory) coupled with relatively common airspace and territorial water violations and, for example, a faux attack on a US military ship in international waters, is widely recognized as a source of concern.⁴⁵ Russian military aircraft often fly 'dark' between St. Petersburg and the Kaliningrad region, namely without

transponders or a flight plan.⁴⁶ As the general security situation has worsened and tensions have risen, there is a risk that collisions or provocations might lead to a rapid and uncontrolled escalation.

In a high-tension environment, it is important to keep channels open for political dialogue (for example at the NATO-Russia Council and bilaterally) and to seek ways in which existing confidence-building measures can be re-activated. The work undertaken by the ICAO Baltic Sea project team to enhance flight safety over the Baltic Sea is important in this regard.⁴⁷ Negotiations with Russia at the highest political level may facilitate this process further, but it is important to advance this goal in sync with European partners so that there is as little room for misunderstanding or misinterpretation on any side as practically possible.

Deepening military cooperation with its Western partners at all levels is a sensible policy for Finland in the current circumstances. It is important for Finland to update its legislation concerning both the giving and receiving of military assistance to remove technical hindrances. This will clarify Finland's status as a reliable partner. Defence cooperation includes practising defence with partners, e.g. joint exercises with NATO partners. The most obvious policy choice that Finland can make independently is to develop defence capabilities and to invest in armaments, military training and military drills. This will send the right signal both to the East and the West: as

46 See e.g. "Report on occurrences over the high seas involving military aircraft in 2014". European Aviation Safety Agency: <http://ec.europa.eu/transport/modes/air/news/doc/2015-04-14-civil-military-coordination/report-on-occurrences-over-the-high-seas-involving-military-aircraft-in-2014.pdf>, last accessed 27 Oct 2016.

47 See e.g. "Report on the Fifty-Seventh Meeting of the European Air Navigation Planning Group". International Civil Aviation Organisation: http://www.icao.int/RO_EURNAT/EUR%20and%20NAT%20Documents/EANPG%20Reports/EANPG%2057/_EANPG57%20RPT.pdf, last accessed 27 Oct 2016; The president of Finland, Sauli Niinistö, made an initiative for improving the air safety at the Baltic Sea in July 2016. This initiative has been discussed at the level of Nato–Russia Council in July 2016.

44 Rácz 2015.

45 For a recent analysis on Baltic Sea security, see Pynnöniemi & Saloniemi–Pasternak 2016.

far as Russia is concerned, it emphasises Finland's sovereignty and its readiness to defend its territory, and when it comes to the West, it shows that Finland is not a free-rider in security politics.

An open debate on Russia's changed foreign policy and its implications for Finland is important, as it enhances general awareness of the situation and is in line with the values and needs of a democratically governed state. This debate also signals that Finland is openly weighing up its options and does not exclude applying for NATO membership should it consider this to be in its interests. No matter what attitude one has towards the prospect of Finland seeking a membership of NATO, it is nevertheless obvious that Finland's security is relative and includes risks. These risks should not be underestimated, and Finland needs to actively prepare for them to increase its security. The process of applying for NATO membership would entail special risks of its own with regard to Russia, and these have been analysed in an expert report published by the Finnish Ministry for Foreign Affairs in April 2016.⁴⁸

Feature 9: The expansion of the grey area between war and peace

Russia has demonstrated that it can achieve its political objectives by integrating military and non-military means in conflict. One prerequisite for success is that the target country's political leadership and population, and ostensibly larger segments of the population in other countries too, do not recognize when the line between conflict and peace has been crossed. An ability to blur this line and to 'win time' is an important component of strategic surprise.

In the context of the conflict in Ukraine, Russia has used both regular and special forces, equipped militias with or without insignia, instrumentalised political substitute actors, and efficiently combined these measures with information and cyber operations at different levels. Coupled with economic and energy political pressure and the weaknesses of the target country (political

governance, corruption and a revolutionary situation), Russia has been able to distort facts on the ground while simultaneously denying its role as one of the participants in the conflict.⁴⁹

It should be emphasised, however, that Russia does not have a 'hybrid formula' that it could repeat at will when the opportunity arises. There was a particular set of circumstances that made Ukraine vulnerable (see Feature 8) and unique in its own right. However, at the same time, it is important to take into account that, in general, the capability of the possible target countries to react to so-called hybrid threats is often lower than their capability to respond to conventional military threats.

Three factors may explain this. First, and perhaps most importantly, identification of the hybrid threats and other risks for the vital functions of society is difficult.⁵⁰ Information-psychological influence, intelligence gathering and cyberattacks are part of Russia's toolbox and traces of their use in Finland and in other countries in the neighbourhood are rife. However, not all Russian actions can be categorised as hybrid threats. Herein lies a challenge: in order for a democratic state to activate defensive measures, political authorisation is required. The question is whether the political perception of threat can be achieved in time and without jeopardising the integrity of the democratic governance mechanisms. Secondly, there are deficiencies in the current legislation in the face of hybrid threats. Thirdly, open societies offer a vast number of opportunities for aggressive

49 See Rácz 2015.

50 The first national risk assessment in Finland was published in January 2016 and it identifies the following types of risks and threats: serious disruptions in energy supply, risks in the cyber domain, serious human infectious diseases, a security policy-related crisis, a severe nuclear accident scenario, and a 100-year risk scenario for a solar storm. The assessment also lists serious regional events from rapid flooding to violent large-scale civil disturbances. The risk assessment will be conducted every three years. National Risk Assessment 2015, Ministry of Interior Publication, Internal Security, 2016: http://www.intermin.fi/download/65647_julkaisu_042016.pdf?ff47d27a36a7d388, last accessed 27 Oct 2016.

influence operations that take advantage of existing tensions in society.

Finland needs to plug possible gaps in the administrative structure and current legislation, and to ensure unrestrained communication between the authorities as well as from the authorities to the public. Finnish authorities need to rapidly and in a coordinated manner shoot down false accusations and other disinformation targeted at Finland and at the Finnish-speaking public. The general awareness of risks related to aggressive influence operations needs to be increased by communicating these risks to the public as openly and directly as possible. An attentive and alert society is the best way to safeguard against such risks. This is a fundamental change that needs to be understood by authorities that usually communicate in a highly controlled manner.

The protection of critical information systems and other vital infrastructure is considered to be at a rather high level in Finland. The government white paper “Security Strategy for Society” provides clear guidelines for different government agencies on protecting the “vital functions” of society in a state of emergency.⁵¹ However, possible frailties in the governing system need to be addressed, and the chain of command and responsibility-sharing need to be perfectly clear in all situations. When it comes to Russian land purchases in the vicinity of strategic objects, and major investments carried out with the help of dummy companies, a systematic controlling system including all relevant authorities is required. The controlling processes need to be fine-tuned between authorities in a way that makes the system well prepared for these types of risks.

Feature 10: Russia’s decreasing willingness to cooperate

The last but by no means least feature is that Russia increasingly perceives international cooperation from a purely power political

perspective. In this vein, Russia interprets the EU’s rhetoric on common rules and policies based on mutual dependence merely as a deceitful veil concealing the ‘real’ agenda based on geopolitics and zero-sum games. Hence, the EU’s Eastern neighbourhood policy is perceived as a hostile, anti-Russian attempt to increase Western influence in a region that Russia sees as its sphere of influence. Western support for NGOs operating in Russia is easily perceived as an attempt to weaken Russia’s unity and to create instability and restlessness.⁵²

According to this logic, the colour revolutions that resulted in power changes in former Soviet countries were coup d’états orchestrated by the West, instead of protests by ordinary citizens against anti-democratic and corrupt leaders. Enemy imagery vis-à-vis the West increasingly features not only the US and NATO but also European countries and the EU, which are often seen as US puppets and the involuntary enforcers of Washington’s ‘imperialist’ policies. When taken as a whole, Russian foreign policy rhetoric undermines the already fragile or nonexistent trust towards Russia as a responsible international actor. This, in turn, makes it difficult to start, let alone agree upon confidence-building measures, or principles for how to end the conflict in Ukraine.

As mentioned above, it is likely that kindred nation cooperation, neighbouring area cooperation and environmental cooperation will become more difficult as Russia is securitising the very nature of cooperation. Common projects might be cancelled, the room for manoeuvre by cooperative organisations will decrease, and common financial instruments will no longer be available. In the event of environmental problems or disasters, it can be expected that cooperation would be more difficult than before.

However, it should be emphasised that Russia has thus far been relatively cooperative, especially in the Arctic region, primarily for strategic reasons in order to create a favourable operating environment for economic activities (such as hydrocarbon production). While cooperation is likely to continue at least in the short-term perspective,

51 Security Strategy for Society 2010, Government resolution, 16 Dec 2010: <http://www.yhteiskunnanturvallisuus.fi/en/materials>, last accessed 27 Oct 2016.

52 See e.g. Covington 2015.

Russia's Arctic policy ultimately remains subordinate to broader strategic goals, including the maintenance of regime stability and gaining great power status. This would mean that the same risks that exist in other fields could extend to the Arctic.

Given the sanctions regime, intensified perceptions of external threats, political isolation and the growing influence of the security apparatus in the Russian political system, demands for more state control and self-sufficiency are likely to increase, with the potential to exacerbate distrust towards foreign and particularly Western partners, also in the Arctic. The re-centralisation of power to the *siloviki* coupled with the Russian regime's current crisis mode may result in increasingly stronger securitisation of Arctic matters and potentially make cooperation there more difficult in the process.⁵³

While there is a need to be fully aware of this potential, Finland also needs to hold on to 'unpolitical' forms of cooperation within the scope of possibilities, regardless of the fact that Finland's influence in this matter is highly limited. Technical and cultural co-operation might be more successful in the current circumstances than cooperation that deals with good governance, for instance, or human rights. It is realistic to allocate resources to those fields where cooperation is still possible and to redirect the focus if and when the situation changes. It is useful to maintain bilateral contacts, but the level of expectations needs to be realistic and the attitude pragmatic. In the Arctic Council, it is in Finland's interests to promote dialogue and cooperation, and to avoid the securitisation of Arctic policy and the return of the classic security dilemma in the region.

53 See Käpylä, Mikkola & Martikainen 2016.

CONCLUSION

One of the main goals of Finland's foreign and security policy, according to the government's current strategic programme, is to secure Finland's independence and territorial integrity, as well as to improve the security and welfare of its citizens. Finland seeks to maintain and develop both bilateral and multilateral relations, and in this way, to maintain room for manoeuvre in its foreign and security policy.⁵⁴

This can be seen as Finland's historical dilemma: neighbouring Russia but now a part of the West, Finland's room for manoeuvre is not self-evident, and indeed requires constant management.⁵⁵ Finland's 'active policy of promoting stability' is designed with this task in mind.⁵⁶ It can be described as a two-track policy whereby EU membership and intensified military cooperation with Western partners provide a basis for the maintenance and development of relations with Russia. In the historical perspective, Finland's relationship with Russia is not the sum of all parts of the country's foreign policy, but only one, albeit important, component of it.

In its most recent foreign and security policy white paper in June 2016, the Finnish government argues that Finland's neighbourhood is changing rapidly and in an unpredictable way. In addition, the white paper states, quite realistically, the following: 'The security policy environment of Finland, a member of the western community, has

transformed. A more tense security situation in Europe and the Baltic Sea region will directly impact Finland. The use or threat of military force against Finland cannot be excluded'.⁵⁷

As mentioned above, Russia's foreign and military policy goals have not changed, but the means to achieve those goals have. Russia is more prepared than before to use military power to secure its political, economic and security interests – this applies both to Russia's military capabilities and its readiness to use them. In addition to military power, Russia is increasingly using a multitude of non-military means to pressure others, both in wartime and peacetime.

Considering the comprehensiveness of Russia's actions, it is of the utmost importance for Finland to invest in two things above all else: in strengthening its own society, and in international cooperation. This means increasing society's crisis tolerance and resilience, ensuring the readiness and ability to act of the political and administrative leadership of the country, updating the legislation, and investing in defence and intelligence.⁵⁸ It is difficult to overestimate the importance of international cooperation for Finland. By itself, Finland is vulnerable, but together with the Nordic countries, the EU and with its other Western partners, Finland is better protected.

At the same time, it is necessary to maintain bilateral relations with Russia and to develop them in those fields where it is possible, simultaneously considering the risks posed by Russia's changing behaviour. It is in Finland's interests to promote a united and realistic common EU policy. Contrary to the common perception, these two approaches for Finnish foreign policy are not mutually exclusive but rather mutually complementary.

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55 Bergquist et al. (2016): *The effects of Finland's possible NATO membership*. Ministry for Foreign Affairs, 29 Apr 2016: <http://formin.finland.fi/public/default.aspx?contentid=345685&nodeid=49542&contentlan=2&culture=en-US>, last accessed 27 Oct 2016.

56 New Year Speech by President of the Republic Sauli Niinistö, 1 Jan 2016: <http://www.presidentti.fi/public/default.aspx?contentid=339663&nodeid=44810&contentlan=2&culture=en-US>, last accessed 27 Oct 2016.

57 "Government Report on Finnish Foreign and Security Policy". Prime Minister's Office, 17 Jun 2016: <http://vnk.fi/julkaisu?pubid=12503>, last accessed 27 Oct 2016.

58 Security Strategy for Society 2010, Government resolution, 16 Dec 2010: <http://www.yhteiskunnanturvallisuus.fi/en/materials>, last accessed 27 Oct 2016.

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