

# THE EU AND FINLAND'S SECURITY OF SUPPLY

A 'TURN' IN EU THINKING PROVIDES NEW OPPORTUNITIES,  
BUT SIGNIFICANT DIFFERENCES REMAIN

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### A 'TURN' IN EU THINKING PROVIDES NEW OPPORTUNITIES, BUT SIGNIFICANT DIFFERENCES REMAIN

- Security of supply, a central concept in Finnish national security thinking, has not yet taken root at the EU level.
- However, in recent years, the EU has started to attach increasing weight to many security of supply issues. Furthermore, many of them are now firmly embedded in two concepts that have become ubiquitous in EU policymaking: resilience and strategic autonomy.
- The 'turn' in EU thinking is exemplified by the European Commission's recent work on the European Health Union, on critical raw materials, as well as on the resilience of critical entities (CER Directive) and on cybersecurity (NIS2 Directive).
- Finland should embrace the emerging opportunities to advance security of supply thinking in the EU, as this enhances Finland's national preparedness, although the scope, focus and nature of the EU's efforts will differ from Finnish security of supply traditions.
- Overall, the EU's approach to security of supply is likely to remain fragmented, reflecting the Union's varying competences as well as the member states' divergent perceptions and omnipresent sovereignty concerns.



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### INTRODUCTION

Security of supply issues have been a central part of Finnish national security thinking since the 1950s. This is due to Finland's experiences during the Second World War, the country's remote and geopolitically vulnerable location, and its non-membership of military alliances, all of which have highlighted the importance of crisis preparedness and a degree of self-sufficiency. More recently, the international dimension of security of supply has also gained in significance, as Finland has grown increasingly dependent on goods, materials, and services imported from abroad, as well as diverse global connections, flows, and networks.<sup>1</sup>

Security of supply is often viewed simply as guaranteeing the provision of specific materials or goods, such as military equipment or energy supplies. However, the Finnish idea of security of supply is broader. The Government Decision on the Objectives of Security of Supply from 2018 defines it as securing, during severe crises and emergencies, the production, services, and infrastructure that are essential for the livelihood of the population, the national economy, and national defence. This entails issues such as ensuring the functioning of energy networks, information and communication systems, financial services, and transport logistics; securing water and food supplies as well as the availability of pharmaceuticals and healthcare services; and safeguarding the know-how, technology, production, and services that support national defence. In practice, security of supply work involves foresight, continuity management, and material preparedness, including the maintenance of national emergency stockpiles<sup>2</sup> – and is conducted jointly by the public, private, and third sectors.

Due to the importance that Finland attaches to security of supply issues, it has made attempts to promote security of supply thinking within the European Union. On Finland's initiative, the 2000 European Council of Nice tasked the European Commission with

carrying out a study on the EU's security of supply with a view to developing cooperation in this area. However, the ensuing document did not result in new legislative initiatives or identify concrete areas of cooperation.<sup>3</sup>

While the concept of security of supply, according to the Finnish understanding of the term, has not really taken root at the EU level and related issues remain primarily a national prerogative, the EU pursues many policies and projects that touch upon security of supply – and crucially shape the conditions under which the member states advance their security of supply. Notable examples include the Single Market, the Common Agricultural Policy, as well as the EU's energy, trade, and transport policies. Moreover, the EU has introduced some specific measures that are relevant in terms of the Finnish view of security of supply, such as the Oil Stocks Directive (2009/119/EC), the European Programme for Critical Infrastructure Protection (EPCIP), the European Critical Infrastructure Directive (2008/114/EC), as well as the Union's civil protection and crisis response arrangements. Finally, Finland itself has consistently highlighted the role of the EU's mutual assistance clause (Article 42.7 TEU) and solidarity clause (Article 222 TFEU), both of which emphasise mutual solidarity between the member states in crisis situations.

Despite the relevance of these policies and tools, the EU's efforts around security of supply have long been both haphazard and siloed. However, in recent years, the situation has started to change. In the context of diverse challenges and crises, the political salience of issues that are central to the Finnish understanding of security of supply has notably grown at the EU level. Furthermore, many issues related to security of supply have become embedded in two concepts that have established themselves as leitmotifs of the EU's strategic planning and thinking: resilience and strategic autonomy. This FIIA Briefing Paper explains how this 'turn' in EU thinking has come about, presents the most notable policy proposals it has generated, and discusses the implications of these developments for Finland.

1 Esko Antola and Kaapo Seppälä, *Uusi lähestymistapa huoltovarmuuteen*, Puolustaloudellinen suunnittelukunta, 2005.

2 National Emergency Supply Agency, *The New Normal of Security of Supply – Scenarios for a post-Covid world and their impacts on security of supply*, December 2020, <https://www.huoltovarmuuskeskus.fi/files/629655466c8cb8a225d054c959ddc05bf6fa40d4/the-new-normal-of-security-of-supply.pdf>.

3 Esko Antola and Kaapo Seppälä, *Uusi lähestymistapa huoltovarmuuteen*, Puolustaloudellinen suunnittelukunta, 2005.



Packages of face masks opened at the Finnish border.  
 Source: National Emergency Supply Center

## THE EU'S CRISES AS A BACKDROP

Since the late 2000s, policymaking in the EU has been crucially affected by a series of external and internal crises, ranging from the eurozone crisis to the war in Ukraine, from the political disagreements triggered by the 2015 refugee crisis to the comprehensive effects of the global Covid-19 pandemic. While the crises have differed in intensity and nature, all of them have reinforced the idea that the EU needs to be better prepared to prevent or withstand future crises, be they similar or of a different kind. Thus, crisis preparedness and response in a broad sense have become central features of EU policymaking.

In some policy areas, security of supply issues have long been part and parcel of the EU's response to the challenges it faces. Under the pressure of austerity-driven cuts in European defence spending and a volatile neighbourhood, the EU has sought to build up its security and defence arm since the early 2010s. From the start, one priority has been to strengthen the European defence technological and industrial base (EDTIB). Achieving this objective would require EU-wide security of supply arrangements, but it would also safeguard the member states' long-term security of supply by ensuring that they do not become entirely

dependent on extra-EU providers for crucial defence technologies.<sup>4</sup>

In the EU's energy policy, security of supply issues started to receive renewed attention because of the Ukraine crisis. The crisis provoked fears of disruptions in the supply of Russian gas, providing a strong argument for reducing the EU's dependency on Russian energy. Under the rubric of the Energy Union, the EU has since sought to enhance its security of supply by integrating the European energy market, diversifying its energy suppliers, increasing energy efficiency, and decarbonising energy production.<sup>5</sup>

However, the real 'turn' in EU thinking on security of supply has occurred due to broader changes in the EU's security environment, looming global trends and, above all, the Covid-19 pandemic. These developments are also very closely linked to the establishment of the concepts of resilience and strategic autonomy as lodestars of the EU's strategic planning and thinking.

4 Sophia Besch, The EU's Security of Supply Agenda, ARES Comment #6, October 2016, <https://www.iris-france.org/wp-content/uploads/2016/10/Ares-Group-6-Comment-EUs-security-October-2016-1.pdf>.  
 5 Marco Siddi, The EU's Energy Union: Towards an integrated European energy market?, FIIA Briefing Paper 172, March 2015, <https://www.fiaa.fi/wp-content/uploads/2017/01/bp172.pdf>.

## RESILIENCE, STRATEGIC AUTONOMY AND SECURITY OF SUPPLY

Both resilience and strategic autonomy initially gained wider visibility with the publication of the Global Strategy for the European Union's Foreign and Security Policy (EUGS), although neither appeared in the strategy exactly in the sense in which they are now used. Of the two, it was resilience that was more prominent in the EUGS. Most notably, the strategy advocated the idea that the EU should enhance the resilience of its volatile neighbouring regions, resilience pointing to 'the ability of states and societies to reform, thus withstanding and recovering from internal and external crises'. However, the EUGS also mentioned the importance of fostering the resilience of the EU's democracies and of Europe's critical infrastructure, networks, and services.

In the years since, the 'inward' dimension of resilience has become more and more important. Enhancing the EU's own resilience is now a key objective of the Union's efforts to counter cyber, hybrid, and terrorist threats. In this context, the EU has started to pay attention to many issues that are essential in Finland's conception of security of supply, including the protection and resilience of critical infrastructure as well as cybersecurity. Since the beginning of the Covid-19 crisis, resilience has turned into an omnipresent concept in EU policy documents, referring to the need to withstand and cope with crises and the ability to transform because of them.<sup>6</sup>

Compared to resilience, the concept of strategic autonomy has undergone a more comprehensive evolution – and a more direct link to security of supply has emerged only recently. Early references to strategic autonomy appeared in the confines of the EU's security and defence policy. The EUGS made the case for an appropriate level of strategic autonomy for the EU, later defined by the Council of the European Union as the 'ability to act and cooperate with international and regional partners wherever possible, while being able to operate autonomously when and where necessary'. The idea then quickly gained traction in Brussels and some EU capitals, as the election of Donald Trump led to widespread concerns about the US commitment to NATO and European defence. This led to calls for an EU that would possess the institutional, political, and material capacities to set its own priorities in international politics.<sup>7</sup>

Since then, the debate about strategic autonomy has been further fuelled by the growing global weight and assertiveness of China as well as looming meg-trends, above all the technological transformation and rapidly advancing climate change.<sup>8</sup> In the technological sphere, the EU's current dependency on the US and China is argued to reduce its chances of pursuing a distinct tech policy and setting global rules that would reflect its own values and interests, such as its higher standards of data protection. Thus, under the label of 'technological sovereignty' the EU now seeks ways to enhance European innovation, know-how, and industrial capacities, which would allow it to become more autonomous in crucial technologies.

The concept has reached the areas of trade and climate policy as well. The EU's trade policy is starting to pay increasing attention to protecting the Union from unfair competition – for example from third-state companies that do not follow the same climate standards. The more defensive orientation in EU trade policy, dubbed 'open strategic autonomy', is also justified by the growing geoeconomic competition in which states intervene and instrumentalise trade for political means.

However, while the idea of strategic autonomy had already established itself in the EU discourse and extended into several policy fields before the Covid-19 crisis, it has been the pandemic which has really pushed the concept to the centre of EU policy-making – and also brought it closer to the kind of issues that are at the heart of the Finnish understanding of security of supply.

The pandemic has revealed very concretely how dependent the EU is on extra-EU suppliers for many essential goods and materials. Moreover, it has highlighted the vulnerability of global supply chains. In the early phase of the Covid-19 crisis, the EU member states struggled to provide personal protective equipment for their healthcare professionals and citizens, as the global demand surged while production and distribution experienced severe disruptions due to lockdowns, quarantines, and export bans. Over the course of the pandemic, supply shortages have developed into a broader phenomenon. There is, for example, a persistent shortage of semiconductors, driven by high demand and disruptions in global value chains. As semiconductors are used in a wide variety of products, the shortage has knock-on effects throughout several industrial sectors.

6 European Commission, 2020 Strategic Foresight Report: Charting the course towards a more resilient Europe, September 2020, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0493&from=EN>.

7 Barbara Lippert et al. (eds.), European Strategic Autonomy: Actors, Issues, Conflicts of Interest, SWP Research Paper 4, March 2019, [https://www.swp-berlin.org/publications/products/research\\_papers/2019RP04\\_lpt\\_orz\\_prt\\_web.pdf](https://www.swp-berlin.org/publications/products/research_papers/2019RP04_lpt_orz_prt_web.pdf).

8 Niklas Helwig (ed.), Strategic Autonomy and the Transformation of the EU: New agendas for security, diplomacy, trade and technology, FIIA Report 67, April 2021, [https://www.fiaa.fi/wp-content/uploads/2021/04/fiaa-report-67\\_niklas-helwig-et-al\\_strategic-autonomy-and-the-transformation-of-the-eu.pdf](https://www.fiaa.fi/wp-content/uploads/2021/04/fiaa-report-67_niklas-helwig-et-al_strategic-autonomy-and-the-transformation-of-the-eu.pdf).

All this has emphasised the material dimension of European strategic autonomy, which conditions the EU's ability to pursue its broader aims. The EU's possibilities to pursue its digital ambitions, for example, crucially depend on European companies' access to certain components and materials for which they rely on extra-EU supplies. Similarly, the EU's push towards a green transformation rests on the continued supply of some minerals and rare earth elements, which are needed for renewable energy applications and can only be found in a few areas of the globe.<sup>9</sup>

## RECENT POLICY PROPOSALS

It is against the backdrop of the developments described above that issues of security of supply are being introduced into different areas of EU policy. More often than not, this is done under the label of either resilience or strategic autonomy. One of the most obvious areas in which security of supply concerns now top the EU's agenda is health policy. In September 2020, Commission President Ursula von der Leyen unveiled the idea of an EU Health Union. While the EU's role in health issues has traditionally been minor, the Commission builds its case on the experiences of Covid-19, which have demonstrated the limits of an uncoordinated response by the member states and the potential of joint EU action – as in the case of the initially maligned but ultimately rather successful EU vaccine strategy.

The Commission's first package of Health Union proposals was presented in November 2020 and consisted of strengthening the mandate of the European Centre for Disease Prevention and Control (ECDC), extending the mandate of the European Medicines Agency (EMA), and enhancing EU-level coordination on cross-border health threats. All proposals touch upon elements of security of supply. Perhaps most importantly, the Commission wants to build up the EMA's capacity to monitor and counter shortages of critical medicines.

Security of supply was also concretely addressed in the EU's pharmaceutical strategy of November 2020, one section of which is dedicated to enhancing the EU's 'resilience' and advancing the Union's 'open strategic autonomy' regarding medicines. According to the strategy, moving towards strategic autonomy

entails identifying strategic dependencies in health and responding to them, including by 'diversifying production and supply chains, ensuring strategic stockpiling, as well as fostering production and investment in Europe'.

As for resilience, the pharmaceutical strategy makes some suggestions to improve the EU's crisis preparedness and response. A key role in that respect is to be played by the Health Emergency Preparedness and Response Authority (HERA), a new office within the Commission that will be tasked with ensuring the development, production, procurement, and distribution of medical countermeasures, including vaccines, antibiotics, medical equipment, and face masks.

In these tasks, HERA is to work together with the EU's existing crisis preparedness and response tools, above all the Union's Civil Protection Mechanism (UCPM), which has also been upgraded. The UCPM was already extended in 2019 by adding rescEU, a dedicated reserve of disaster response capacities – such as water-bombing aircraft or medical equipment – to complement those voluntarily committed by the member states. A further amendment was adopted in 2021, allowing the Commission to directly procure additional rescEU capacities in urgent cases. Furthermore, it seeks to improve the EU's disaster prevention and preparedness, inviting the Commission and the member states to jointly develop non-binding disaster resilience goals and calling for the strengthening of the EU's Emergency Response Coordination Centre (ERCC). Through rescEU, the EU has already established stockpiles for medical material across the Union, including in Sweden. As part of its recent crisis preparedness measures, the Commission has also published a contingency plan for ensuring food supply and security in times of crisis.

Under the banner of 'open strategic autonomy', the EU is also looking more closely into the security of supply of other essential goods and resources. In September 2020, the Commission unveiled an action plan on 'Critical Raw Materials Resilience', accompanied by a foresight study as well as a list of critical raw materials. Actions proposed by the Commission include developing the resilience of related value chains, reducing dependencies through the circular use of resources, enhancing the sourcing and processing of raw materials within the EU itself, and diversifying supply. The EU has also launched the European Raw Materials Alliance and is deepening its cooperation on critical raw materials with Canada and the US. In a broader move, the Commission has announced the establishment of

<sup>9</sup> Marco Siddi, *The Geopolitics of the Energy Transition: Global Issues and European Policies Driving the Development of Renewable Energy*, FIIA Briefing Paper 326, December 2021.

an EU Observatory of Critical Technologies, which is to start monitoring the EU's strategic dependencies and vulnerabilities in key technologies. Moreover, a 'European Chips Act' is currently in the making, aimed at promoting a European semiconductor ecosystem to enhance both innovation and security of supply.

Other recent EU initiatives and proposals that are highly relevant from the point of view of Finland's understanding of security of supply are more closely related to the concept of resilience and the Union's measures to counter cyber, hybrid, and terrorist threats. In December 2020, the Commission put forward a proposal for a new directive on the resilience of critical entities, which is set to replace the 2008 European Critical Infrastructure Directive. The Critical Entities Resilience (CER) Directive would greatly expand the scope of the previous directive, shift the focus from protecting physical infrastructure to improving the resilience of critical providers of essential services, and incur substantial new obligations for the member states and the providers of essential services. The CER Directive is part of a broader package of measures that also includes a new EU cyber security strategy as well as a proposal for a directive on measures for a high common level of cybersecurity across the EU (NIS2 Directive). Like the CER Directive, the NIS2 Directive would significantly widen the scope of the EU's existing cyber security rules.

Finally, some security of supply issues will also be addressed in the EU's Strategic Compass, a new guiding document for the Union's security and defence policy scheduled for spring 2022. A first draft of the document indicates that the Compass will devote considerable attention to both cyber and hybrid threats, thus complementing the recent Commission proposals. The security of supply of technologies that are crucial for security and defence is also likely to be discussed in the document, although the first draft addresses the topic in very general terms.<sup>10</sup> In addition, the Compass could touch upon the EU's role in securing access to strategic domains, including the cyber, space, and maritime domains, which are of major importance for security of supply. It could also shed further light on the role of the EU's mutual assistance clause and solidarity clause in the Union's crisis response.

## POLITICAL DYNAMICS AND IMPLICATIONS FOR FINLAND

The recent 'turn' in EU thinking on security of supply is a highly interesting development from Finland's point of view. Together, the concepts of resilience and strategic autonomy offer both a compelling narrative and a political umbrella for advancing security of supply thinking within the EU – something that Finland has long tried to achieve.

It is important for Finland to embrace the emerging opportunities. As the Covid-19 pandemic has shown, Finland's security of supply is crucially dependent on multiple external factors, and measures at the EU level as well as in other EU member states can influence those factors in a way that substantially enhances Finnish security of supply. Moreover, the EU, through its Single Market and the related regulatory power, as well as its combined economic weight and active trade policy, is well placed to address some security of supply issues that are beyond Finland's reach.

However, Finland should also be aware that the EU's approach to security of supply issues will differ from Finland's national security of supply traditions. This has already been noted by Finnish policymakers in the case of the Commission's proposal for the CER Directive, which diverges markedly from Finland's existing security of supply model. Indeed, despite the trends described in this paper, the concept of security of supply according to the Finnish understanding remains unfamiliar within the EU – and neither resilience nor strategic autonomy is synonymous with it. Moreover, the two concepts themselves carry not only opportunities but also risks. They have become so ubiquitous in EU policymaking that there is a danger that they will become too abstract to guide more concrete policy discussions.<sup>11</sup>

Furthermore, the concept of strategic autonomy continues to be contested among the member states. In fact, Finland itself has taken a somewhat ambiguous stance on strategic autonomy. While Finland's strong support for the EU as a global actor and security provider predisposes the country to the idea of strategic autonomy in the foreign, security and defence policy spheres, its market-liberal orientation has led to a more lukewarm attitude towards the Commission's project of open strategic autonomy, as Finland fears

10 Niklas Nováky, EU's draft defence strategy points to evolution, not revolution, euronews., 23 November 2021, <https://www.euronews.com/2021/11/23/eu-s-draft-defence-strategy-points-to-evolution-not-revolution-view>.

11 Niklas Helwig, EU Strategic Autonomy: A reality check for Europe's global agenda, FIIA Working Paper 119, October 2020.

it could strengthen protectionist tendencies.<sup>12</sup> On the other hand, with increasing geoeconomic competition, trade and economics can no longer be wholly separated from foreign and security policy, which could make Finland more understanding towards open strategic autonomy. Moreover, Finland's own security of supply model provides an example of how a degree of self-sufficiency can be combined with a commitment to open markets.

Overall, it is likely that the EU's approach to security of supply will remain fragmented, at least from the Finnish point of view. First, as argued above, the EU does not have a security of supply agenda as such, but rather a resilience agenda and a strategic autonomy agenda, both of which address some security of supply issues. Second, the EU's competences vary

from one policy field to another. The Commission has been behind most of the recent proposals related to security of supply, but the means and tools it has at its disposal differ significantly depending on the policy area in question. Moreover, although the European Council and the Council have subscribed to the general direction of recent Commission initiatives, in practice the member states have different understandings of the concrete issues described in this paper. Finally, when it comes to the core aspects of the Finnish definition of security of supply, the member states – including Finland – will jealously guard their national sovereignty. These caveats notwithstanding, Finland should warmly welcome recent EU activity on security of supply and play a proactive role in the resulting policy processes. /

12 Tuomas Iso-Markku & Niklas Helwig, Finland and European Strategic Autonomy: "Yes, but...", in Jakob Lewander (ed.) et al., Strategic Autonomy - Views from the North, SIEPS, December 2021, [https://www.sieps.se/globalassets/publikationer/2021/2021\\_10p.pdf](https://www.sieps.se/globalassets/publikationer/2021/2021_10p.pdf).