



Ministry
of Defence

Future Security Challenges in the Baltic Sea Region



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Future Security Challenges in the Baltic Sea Region

A study for the Swedish Armed Forces by the
Development, Concepts and Doctrine Centre



November 2015

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Research questions

The Swedish Policy and Plans Staffs tasked DCDC to address the following research areas.

1. Based on DCDC's *Global Strategic Trends – Out to 2045*, Fifth Edition (GST 5), explore the future strategic trends as they affect the Baltic Sea region (BSR).
2. Explore the impact of the implications highlighted in *Future Operating Environment 2035* (FOE 35) on potential conflict in the BSR.
3. Draw conclusions on the future of potential Russian capability and intent in the region.

Method

DCDC staff analysed GST 5 and FOE 35 to identify which of the key findings in these studies were likely to be particularly relevant to the BSR. Individual studies then provided further detail on these selected subjects, either in-house by DCDC staff or in a series of commissioned essays from leading academics in the relevant fields. A series of research visits were conducted to the region where we consulted leading academic authorities as well as those in the UK. We organised a workshop, attended by experts from academia, government and think tanks, to:

- discuss the draft study paper;
- identify missing issues; and
- ratify/confirm the findings.

DCDC staff attended conferences at the London School of Economics, Chatham House and Oxford University to add further material and analysis. Successive drafts of the study were circulated widely within academia, think tanks, and UK and Swedish MOD staffs for comment and ratification.

Individuals and organisations consulted

Baltic Defence College, Tartu, Estonia (Dr Asta Maskaliunaite)
Chatham House (Keir Giles*, Andrew Monaghan)
Finnish Institute of International Affairs (Dr Kristi Raik)
Finnish MOD Defence Policy Department Research Unit (Charlotta Collén)
International Migration Institute (University of Oxford) Centre for Migration Studies (Prof Robin Cohen)
NATO STRATCOM Centre of Excellence (Dr Antti Sillanpää)
Oxford Institute for Energy Studies (Prof Jonathan Stern – University of Oxford)
Potomac Foundation – Dr Phil Peterson
Royal United Services Institute, London (Dr Igor Sutyagin and Sarah Lain)
UK Ministry of Defence – NATO/European Policy*
UK Defence Attaché Baltic States (desig.) – Cdr Gary Brookes RN*
University College London (School of Slavonic and East European Studies – (Dr Peter Duncan* and Dr Philipp Köker*))
University of Copenhagen Centre for Military Studies (Dr Henrik Breitenbauch)
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Executive summary

The BSR will remain of strategic importance. The Baltic Sea is one of the busiest shipping areas in the world; the volume of maritime transportation navigating it has doubled in the last 20 years. Energy shipments from Russia are particularly important and the entrance to the Sea, through the Danish Straits, is one of the world's eight strategic oil transit chokepoints. The Nord Stream gas undersea pipelines from Russia to Germany are also an important strategic element in the BSR. Energy dependencies within the BSR vary, with nations having different strategies, and most importantly, varying degrees of dependence on Russia. It should be remembered that the Russian economy is reliant on the energy market. Significant reductions in demand may, therefore, have a major effect on its economy, and potentially have a destabilising effect on regional security. Most of the activity within the BSR will take place in individual nations' exclusive economic zones. The littoral, multinational and cross-agency nature of the operating environment means that operational success in the BSR will not only require a high degree of coordination between maritime commanders and their land and air counterparts, but also international and cross-government cooperation.

Investing in renewable energy and other environmental protection measures may lessen the effects of climate change. The effects of climate change are, however, still likely to be significant. In addition, migration will probably remain a major challenge into the foreseeable future. Both issues could have a security dimension and lead to a blurring of home and overseas threats. Forces in the region are likely to be increasingly required for humanitarian and disaster relief operations and military aid to civil authorities in times of unrest. Cooperation and investment in innovation will enable countries in the region to achieve a technological edge. A mastery of the information environment and cyber-warfare will be paramount. It will be essential to maintain defence spending to deploy modern, agile and capable forces, although pooling and sharing arrangements may be vital to maximise capability. Close coordination and liaison between governments, agencies and armed forces will be key. NATO is likely to remain the key Western security institution in the BSR, although European nations may be required to take more responsibility for regional defence as US priorities shift elsewhere. Regional defence cooperation will be essential; the Northern Group, for instance, will increase in importance.

Russia is clearly central to any discussion of future security in the BSR. Considering itself a great power in world affairs, Russia has been left feeling sidelined and slighted by NATO and EU expansion after the end of the Cold War. Many of its recent actions on the world stage can be viewed in the context of a nation determined to re-establish its perceived position in the world. However, the fall in fossil fuel prices has deeply damaged the Russian economy and this has been exacerbated by widespread corruption and a self-serving political elite. Russia also has a doctrine of protecting its citizens everywhere and has an interest in the welfare of ethnic Russians within the BSR, particularly in Latvia and Estonia. Whilst the motivation for Russian interference in the BSR is far less obvious than in Ukraine, the BSR is of vital strategic interest to Russia. We cannot, therefore, discount Russia turning to an ambiguous approach to sow dissent and attack resolve which will undermine existing alliances and partnerships and drive wedges between states to manipulate the power balance.

The BSR is well suited to effectively employing anti-access area denial (A2AD) capabilities given its constricted, connected, littoral nature; the Russian inventory already contains conventional A2AD threats. Deploying *S-400* surface-to-air missiles and having the potential to deploy *Iskander* short-range ballistic missiles and the Bastion coastal defence missile in strategic areas, indicate an intent to employ A2AD methods. Russia has adopted the strategy of 'new generation warfare' where ambiguous approaches are used to undermine cohesion and slow decision-making. Countering ambiguous warfare needs indicators and warnings as well as a high degree of understanding of the region and one's adversary. The importance of territorial defence remains paramount.

Future Security Challenges in the Baltic Sea Region

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Future Security Challenges in the Baltic Sea Region

Introduction

1. The Baltic Sea region (BSR) is a diverse area comprising the nine states that have shores on the Baltic Sea – Denmark, Germany, Poland, Lithuania, Latvia, Estonia, Russia, Finland, Sweden and, because of its close links with the other Nordic nations, Norway. The region is varied in physical and human geography. The north is largely forested with the south mainly consisting of agricultural land. Population densities range from fewer than ten inhabitants per square kilometre in the north to more than 1000 inhabitants per square kilometre in the south. The region represents a significant intersection between different peoples, cultures and political systems: the Nordic (west); Germanic (south); Finno-Ugric (north); and the Slavic (east).¹ Though the region is considered as a whole, there is not a 'Baltic Identity'. While the nations on the shores of the Baltic Sea share access to the body of water in which they have an interest as a strategic transport route and as a resource, they have different histories and contemporary experiences. There is also an inequality in terms of economic production, unemployment, business, environmental protection and social conditions.

2. During the Cold War, an overall balance existed between the two power blocs, NATO and the Warsaw Pact, along with two neutral states, Sweden and Finland. Although tension existed, and there were a number of incidents in the region, the power balance was largely stable and peaceful. However, this wider view is not shared by the countries that were subjugated by the Soviet Union which have vivid recollections of the rigours of occupation. Their depth of feeling was expressed by Asta Skaisgirytė, the Lithuanian ambassador to the UK, in a letter to the Guardian newspaper.² She wrote, 'Lithuania has in living memory experienced imperialism through occupation, linguistic and cultural oppression, the destruction of civil society and public institutions, rape, looting, deportation and mass murder.' She went on to claim the successor state to the Soviet Union, Russia, has become a threat and that the NATO alliance is important for security. The threat posed by Russia has certainly come increasingly to the fore through its annexation of the Crimea, intervention in Ukraine and provocative incursions into the sovereign airspace and territorial waters within the BSR. Russian behaviour has been a key driver in recent security activity in the BSR:

- Nordic nations have recently agreed on closer defence ties and increased solidarity with the Baltic States;³
- NATO has also recently redeployed forces to the region; and
- the European Union has implemented sanctions and instigated a drive to minimise its member states' dependence upon trade with Moscow.

3. In addition to current geopolitical issues, *Global Strategic Trends – Out to 2045*, Fifth Edition (GST 5),⁴ identified certain global trends which are likely to play a major part in shaping the longer-term future strategic environment. These trends have been further analysed to ascertain their potential influence on the future security context in DCDC's *Future Operating Environment 2035* (FOE 35).⁵ These documents form the basis of our further examination, concentrating on those areas that are likely to be of specific importance to the BSR. Significant among the trends from GST 5 are:

- environment;

¹ Witold Maciejewski, *The Baltic Sea Region, Cultures, Politics, Societies*, The Baltic University Press 2002.

² 'Lithuania is safer with NATO, Mr Corbyn' Guardian letters, 29 September 2015, via <http://www.theguardian.com/world/2015/sep/29/lithuania-is-safer-with-nato-mr-corbyn>, last accessed 9 November 2015.

³ 'Nordic nations agree on defense cooperation against Russia' Reuters, 9 April 2015, Via <http://www.reuters.com/article/2015/04/09/us-nordics-russia-defence-idUSKBN0N02E820150409#7O0kPsUxMXmudtEa.99>, last accessed 9 November 2015.

⁴ DCDC, *Global Strategic Trends – Out to 2045*, Fifth Edition. Ministry of Defence, 2014.

⁵ DCDC, *Future Operating Environment 2035*, Ministry of Defence, 2015.

- transport – maritime commerce and security;
- technology;
- energy;
- migration;
- alliances and partnerships; and
- corruption and money.

Using these themes, we provide an analysis of the impact on future security in this region. Clearly Russia is a major power in the BSR and we discuss its impact on each theme as appropriate. However, the centrality of Russia in the future BSR security debate merits deeper analysis to fully answer the task, so the paper then focuses on Russia. We conclude the paper with an analysis of the future BSR operating environment and how Russia's potential use of an ambiguous approach could have deep implications for regional security.

Environment

4. **Climate change.** GST 5 forecasts that sea levels will rise and extreme climatic events are likely to increase in intensity, frequency and duration because of climate change. Northern Europe will become wetter in winter which may lead to increased flooding. It is unlikely that global temperature rise will be high enough to create a strategic shock which affects the environment prior to 2030, but it will impact aquaculture and agriculture. The latter may be affected both negatively and positively – there will be greater incidences of heat stress and plant disease, but also a lengthened growing season and decreased frost damage. However, food security, health issues or water security in the BSR are unlikely to be affected by climate change by 2030. The increase in temperatures in the region over time is forecast to be greater than the corresponding increase in global mean temperature, especially in the northern parts of the Baltic Sea; simulations indicate a drastic decrease in the sea-ice cover in the future. Forecasts of increased extremes of precipitation imply a greater risk of urban flooding. There is considerable uncertainty in projections of sea-level rise, but it is expected to be partly compensated by vertical land movement in the area.⁶ That said, the flood risk is largest at the eastern and southern coasts of the Baltic Sea.⁷ The largest changes in storm surge height are anticipated to be in the Gulf of Finland, Gulf of Riga and the north-eastern Bothnian Bay.⁸ There are, though, some advantages that accrue from the climate changes that are forecast; in particular, the projected decrease in sea-ice cover could be beneficial to shipping. Of course this, in turn, may require the implementation of international marine environment protection rules, since the Baltic Sea already contains some of the busiest shipping routes in the world.

5. **Pollution.** Increasing areas of hypoxia and anoxia are anticipated in the Baltic Sea. As well as climate-related changes, human-induced pressures, including overfishing and enrichment of the ecosystem with chemical nutrients, may erode its resilience, making it more sensitive to changes in the climate. This latter effect is attributable to the dumping of sewage and agricultural waste directly into the sea. Kaliningrad is a chief offender, pouring 150,000 cubic metres of raw sewage into the sea each day. Despite this, the efforts of most BSR nations have managed to improve the nutrient load; it is now at levels last seen in the 1960s. Other concerns include oil pollution from the increasing number of ships that navigate the Baltic Sea and the potential environmental impact of the growing

⁶ Helsinki Commission/Baltic Marine Environment Protection Commission (2013), *Climate change in the Baltic Sea Area HELCOM thematic assessment in 2013*, ISSN 0357 – 2994.

⁷ 'Geological survey of Finland: Sea level rise impacts in the Baltic Sea Region – Developing tools for planners' http://www.astra-project.org/sites/download/ASTRA_Sea_level_rise_impacts.pdf Last accessed 10 November 2015.

⁸ H E Markus Meier, 'Baltic Sea Climate in the Late Twenty-First Century: A Dynamical Downscaling Approach Using Two Global Models and Two Emission Scenarios', *Climate Dynamics* 27, no. 1, 11 April 2006, pages 39-68.

number of wind turbines.⁹ The projected changes in temperature and continued decrease in salinity will have a major effect on the distribution of benthic species,¹⁰ with a continued retreat of marine species towards the south. It may also have a negative effect on the growth and numbers of different fish like cod, herring and sprat.

6. **Nuclear issues.** Concerns also exist over the safety of the two nuclear power plants serving north west Russia: the Leningrad Nuclear Power Plant (LNPP) situated at Sosnovyi Bor, 80km south west of St Petersburg; and the Kola NPP located near Murmansk. Each has four reactors, the first of which came into service in 1973. Notwithstanding that the operational life span of the reactors was designed to be 30 years, the Russian Ministry of Atomic Energy is extending them to up to 45 years. The associated safety concerns have caused environmentalists and non-governmental organisations (NGOs) in Russia, and those in neighbouring countries, to demand the reactors be shut down as soon as possible.¹¹ EU documents also mention the early closure and decommissioning of nuclear reactors 'at risk' as an urgent priority in the region. The Russian reactors are considered not to meet Western standards, largely because of their design and age,¹² but also because there is widespread mistrust of Russian safety culture.

Transport – maritime commerce and security

7. The maritime environment of the Baltic region is characterised by international shipping routes, undersea energy pipelines and cables, and adjoining exclusive economic zones. The Baltic Sea is one of the busiest shipping areas in the world; the volume of maritime transportation navigating it has doubled in the last 20 years. Energy shipments from Russia are particularly important. The entrance to the Sea, through the Danish Straits, is one of the world's eight strategic oil transit chokepoints, with around 3.3 million barrels of crude oil and petroleum products passing through every day.¹³ GST 5 forecast that, 'on current trends, by 2045 the tonnage of material moved by sea is likely to have doubled, leading to increasingly congested shipping lanes' and that, 'a growing global population will almost certainly increase its demand for energy, with most analysts expecting that demand could more than double by 2045'. The *UK National Strategy for Maritime Security* (May 2014) reported that: 'The future will see considerable expansion in the global use of the seas as international offshore-energy sectors continue to expand, fishing intensifies, maritime trade increases to meet the consumer demands of emerging countries and new consumer classes, and seabed mining becomes a reality.'

8. **Maritime trade.** The rise in maritime trade of the last twenty years will continue, if not accelerate, and it is likely that energy shipments will form an increasing proportion of cargoes carried. This view is supported by the *Baltic Transport Outlook of 2010* (looking out to 2030) which forecast the importance of maritime traffic would increase in the future in the region, with the largest increases being in Poland (49.9%) and Russia (42%). It also projected that Russia would account for the largest share (25%) of the total distribution of port cargo throughput among the BSR countries, followed by Sweden with 20%.¹⁴ Managing the increased level of maritime trade will need cooperation, agreed

⁹ Swedish Agency for Marine and Water Management (2008), *Trends and Scenarios Exemplifying the Future of the Baltic Sea and Skagerrak*, Report 5875, ISSN 0282-7298.

¹⁰ Organisms living in the benthic zone; the ecological region at the lowest level of a body of water such as an ocean or a lake, including the sediment surface and some sub-surface layers zone.

¹¹ Hedenskog, Konnander, Nygren, Oldberg and Pursiainen. *Russia as a Great Power: Dimensions of Security under Putin*, (Routledge: London, 2013).

¹² The Leningrad Nuclear Power Plant generates the same type of reactor as was used in Chernobyl; it's No 1 reactor is older than the one that caused the world's worst nuclear incident.

¹³ This is equivalent to the level of oil trade through Suez, Bab El Mandab and more than Black Sea products through the Bosphorus and Dardanelles (2.9 million b/d).

¹⁴ Maksym Bugriy 'Russia and maritime flows in the Black and Baltic seas' *Diplomaatia* Volume 139 -

<http://www.diplomaatia.ee/en/article/russia-and-maritime-flows-in-the-black-and-baltic-seas/>, last accessed 10 November 2015.

regulation, and coordination amongst all of the Baltic States if it is to be managed efficiently and safely with the environment protected.¹⁵

9. **Undersea pipelines.** The undersea pipelines from Russia to Germany are also an important strategic element in the BSR. The Nord Stream route crosses the exclusive economic zones of Russia, Finland, Sweden, Denmark and Germany, as well as the territorial waters of Russia, Denmark and Germany. There are plans to lay an additional two pipelines that will also pass through Estonian waters. Maintaining and securing these pipelines requires international cooperation and agreement, with Russia already reliant on compliance from four other BSR nations to export its gas.

10. **The Arctic.** Security in the Baltic Sea is inexorably linked through geography and association (Russia and Norway) to developments in the Arctic. GST 5 identified that: 'the Arctic currently produces around 10% of the world's oil and 25% of its gas, with approximately 80% of these resources coming from Russian Territory. It has been estimated that the Arctic contains up to 13% of the world's undiscovered oil and 30% of its gas reserves.' Russia has national interests and strategic priorities in the Arctic region, centred on its role as a 'leading Arctic power' and in securing natural resources and safeguarding maritime transport.¹⁶ An element of this includes free passage through the Baltic Sea to the Atlantic, Barents Sea and Arctic Ocean for Russian commercial shipping and the Kaliningrad-based Baltic Fleet. A previous DCDC study analysed the effects of global trends on the Arctic region and suggested that it will be of growing importance to the Russian economy.¹⁷ However, it is becoming increasingly likely that low oil prices, and reducing dependence on fossil fuels, will mean that extracting much of the oil in the Arctic will be economically prohibitive. The strategic importance of these resources may well have been overplayed.¹⁸

11. **Russian interests in the Baltic Sea.** The US Energy Information Administration estimates that 43% of all oil shipped through the Danish Straits originates from the Russian port of Primorsk in the Gulf of Finland. Russian investment in the export terminals at Primorsk and Ust-Luga in the Gulf of Finland suggests that the Baltic Sea routes will remain strategically more important than those of the Black Sea. Russian interests in the Baltic Sea have been reflected in Russia's new 'Maritime Doctrine-2015' announced by President Putin in Baltisk, Kaliningrad on 26 July 2015. The new doctrine describes Russian Naval policy in phases, up to 2050, divided into six regions: Atlantic; Arctic; Baltic; Caspian; Indian Ocean; and Pacific. The doctrine focuses on two of these regions – the Arctic and the Atlantic – and assesses four naval functions: operations; transport; marine science; and developing natural resources. The Arctic focus of the doctrine is attributed to the:

- growth of the Northern Sea route;
- need for free entry into the Atlantic and Pacific Oceans; and
- wealth of the [Arctic] continental shelf.

Of particular relevance to the BSR, the doctrine states that implementing the provisions related to the Atlantic and Arctic regions will need the structure and performance of the Baltic, Black Sea and Northern Fleets to be improved.¹⁹

¹⁵ 'The Baltic Sea has arguably come to be the world's most regulated sea areas, with five or more layers of regulation acting in parallel but only one, the Helsinki Commission (Helcom edition 2007) is a clear-cut inter-governmental organisation based on a classical founding treaty (Helsinki Convention 1992).' Henrick Ringbom, 'Regulating the Baltic Sea', *Baltic Rim Economies*, Issue 4/2014.

¹⁶ Barbora Padrtová, 'Russian Approach Towards the Arctic Region', In: Majer, Ondrejcsák, Tarasovič, (eds.): *Panorama of global security environment*, 2012. Bratislava: CENAA, pages 339-350.

¹⁷ DCDC Strategic Trends Programme Regional Survey, *The Arctic Out to 2040*, Restricted, 2010.

¹⁸ Christopher Adams, Ed Crooks and Jack Farchy, 'Shell's Arctic defeat ends dream of new frontier'. *Financial Times*, 28 September 2015 via <http://www.ft.com/cms/s/0/d90812ee-65df-11e5-97d0-1456a776a4f5.html#axzz3qzTApUVe>, last accessed 11 Nov 15.

¹⁹ Nikolai Novichkov, 'Russia's new maritime doctrine', *IHS Jane's Defence Weekly*, 13 August 2015.

12. **The geographic challenge.** Littoral regions are vast, highly complex and immensely diverse areas. They comprise exclusive economic zones, territorial seas and airspace, estuaries, anchorages, riverine and canal systems, lakes and land territory. The Baltic Sea, accessed via the two natural chokepoints of the Skagerrak and Kattegat, is enclosed, with all points on it being within 100 nm of land. Moreover, the periodic winter sea-ice and complex geo-political environment, add to the notion that the entire Sea should be considered littoral in nature. There are many ports and cities on the southern Baltic coasts where large populations can be influenced from the maritime. Most Baltic Sea activity (shipping, fishing, energy exploitation) is done within nation states' exclusive economic zones and nations will, therefore, seek access to these to conduct exercises and routine operations. Thus, a substantial proportion of the BSR's economic and political activity will be conducted in a region that is susceptible to engagement and influence from the sea.

Technology

13. All of the BSR states are considered to be 'developed' nations,²⁰ that actively participate in the information age. Many lead Europe in adopting information technology, particularly in business and commerce. The region is ripe for development and advances in technology will be significant in the development of economic and social structures. The key global technological trends will apply in the BSR in largely the same manner as they do in other developed nations. However, differences in resource availability, investment opportunity, technical capability and infrastructure may require cooperation among like-minded states to develop key technologies. It should be noted that leading the adoption of information-enabled systems may also increase one's vulnerability to cyber attack – the attack on the Estonian banking system after relocating a Red Army soldier memorial in 2007 (the so-called 'bronze soldier' incident), became a much publicised harbinger of broader cyber-warfare and prompted Estonia to host the NATO Cyber Centre of Excellence in Tallinn.²¹

14. **The technological landscape.** The technological advantage historically enjoyed by Western militaries is likely to continue to reduce, or become very expensive to maintain, unless significant investment is made in innovation. As a result, for most countries (except the US), cooperation will be essential if Western militaries are not to be overtaken in some technologies. In the BSR, within states who have common security concerns, the opportunity exists for specialisation and shared capability. The accelerating rate and breadth of technological change will highlight inadequacies in less adaptable procurement processes. Global connectivity and open markets will facilitate greater access to research, equipment, concepts and technologies that were once restricted to a few states. Consequently, there is a risk that technology will be exploited by adversaries and most nations will be unable to hold any real technological advantage for long. However, nations that invest in scanning the technology landscape to quickly identify and exploit emerging technologies will be successful.

Energy

15. GST 5 projected that the global requirement for energy is likely to double out to 2045. While this remains probable worldwide, a recent report has revealed that energy consumption in the EU has dropped to levels not seen for 20 years.²² This fall is a combination of the effect of the financial crisis and 'green' regulation. In 2014, the EU set demanding targets for 'green' measures, announcing that, by 2030, member nations are to:

- cut greenhouse gas emissions by 40% compared to 1990 levels;

²⁰ 2014 UN Human Development Index (measured on length of life, knowledge and living standards). In order: Norway, Germany, Denmark, Sweden, Finland, Estonia, Poland, Lithuania and Latvia all make the top 50 and are considered very highly developed nations. The Russian Federation comes in at 57 and is considered a highly developed nation. Notably, in this context, Norway is the most highly developed nation.

²¹ Peter J.S. Duncan and Alexander Titov, 'Russia's National Identity and Perspectives on the Baltic States, 1992-2012', UK Baltic Study Group Working Paper Series WP 2013/01'.

²² 'Energy Saving Statistics' EUROSTAT statistics explained report September 2015, via http://ec.europa.eu/eurostat/statistics-explained/index.php/Energy_saving_statistics, last accessed 9 November 2015.

- achieve a proportion of renewable energy that is 27% of the whole; and
- make at least 27% energy efficiency savings.

The EU stated that a low-carbon economy would accrue significant financial and environmental benefits, but, importantly, would also provide, 'greater security of energy supplies and reduced import dependence for the Union as a whole'.²³ Securing supply has become more prominent after Russia's recent annexation of the Crimea and its actions in Ukraine, including [state-owned] Gazprom cutting off Ukraine's natural gas in June 2014. This event increased concerns over the security of gas supply to the rest of Europe; especially as in 2013, EU nations imported 39% of their natural gas from Russia.²⁴ Earlier this year, the European Commission expressed the aim of establishing an Energy Union, observing that, 'the political challenges over the last months have shown that diversification of energy sources, suppliers and routes is crucial for ensuring secure and resilient energy supplies to European citizens and companies...'.²⁵

16. **Gas dependency.** In the BSR, gas dependency is most acute for the three Baltic States and Finland, which, prior to 2015, imported all of their supply from Russia. The Baltic States, considered 'energy islands' because of their dislocation from the rest of the EU, are embracing the concept of the Energy Union and looking to diversify their energy sources. Lithuania began importing liquefied natural gas from Norway at its Klaipėda terminal in December 2014. The terminals planned for Estonia and Finland²⁶ have been cancelled because they were not economically viable. Klaipėda may not be either – gas from the Gazprom pipeline is cheaper. However, the strategic importance of an alternative source of energy is clear. The Klaipėda terminal could meet all of Lithuania's needs and most of those of Latvia and Estonia. Latvia also has a degree of protection from potential cessation of supplies from Russia through its Inčukalns underground gas storage facility; its capacity exceeds Latvia's annual consumption and can also supply Lithuania and Estonia.²⁷ This combination of liquefied natural gas and storage may offer the Baltic States the opportunity to discontinue the long-term contracts they have with Gazprom (due for renewal in 2016).

17. **Fuel prices and Russian supply.** Oil prices have dropped to around \$50/barrel for Brent crude, which is half the average price paid in 2014.²⁸ Increased supply is the root cause. The US has doubled domestic output, severely reducing the need for imports. Oil producers that previously sold to the US are fighting for other customers and are, therefore, being forced to lower prices. There is also a reduced demand from Europe as nations struggle with austerity, and because of increased energy efficiency. Gas prices, which are linked to those of oil, have fallen too. As observed recently in the *Financial Times*,²⁹ the following are significant for Russia.

- Energy is the largest sector in the Russian economy – accounting for a quarter of total gross domestic product this year, down from a third two years ago.

²³ Communication from the commission to the European Parliament, the council, the European economic and social Committee and the committee of the regions. 'A policy framework for climate and energy in the period from 2020 to 2030' COM(2014) 15 final, Brussels, 22 January 2014, page 3. Via <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0015&from=EN>, last accessed 10 November 2015.

²⁴ And 33.5% of their oil and 28.8% solid fuel. See 'Energy Production and Imports' EUROSTAT statistics explained report, May 2015, via http://ec.europa.eu/eurostat/statistics-explained/index.php/Energy_production_and_imports, last accessed 10 November 2015.

²⁵ Communication from the commission to the European Parliament, the council, the European economic and social Committee, the committee of the regions and the European Investment bank 'A Framework Strategy for a Resilient Energy Union with Forward-Looking Climate Change Policy' COM(2015) 80 final, Brussels, 25 February 2015, via http://ec.europa.eu/priorities/energy-union/docs/energyunion_en.pdf, last accessed 10 November 2015.

²⁶ Finland is, though, set to receive an EU grant (€23 million) to help finance construction of a small LNG terminal at Pori on its west coast. It will provide a new source of cleaner fuel for the maritime industry. Details at: http://europa.eu/rapid/press-release_IP-15-5689_en.htm, last accessed 10 November 2015.

²⁷ For information, oil and natural gas provide less than a fifth of Estonia's total primary energy supply – oil accounted for 9% and gas for 10% in 2012. Estonia has no gas or oil production; it does though extract shale oil.

²⁸ The average crude oil price in 2014 was \$99.03. <http://www.statista.com/statistics/262860/uk-brent-crude-oil-price-changes-since-1976/>

²⁹ <http://blogs.ft.com/nick-butler/2015/08/09/russia-in-trouble-as-energy-prices-fall/>

- Energy exports account for about 68% of Russian trade.
- Oil and gas revenues provide half the Russian government's official budget and an uncounted, but substantial, amount of the unofficial funding that supports the country's power structure.
- As a result of the fall in oil prices, the Russian economy is predicted to decline by 3.5% this year, with oil export revenue down by \$95 billion, after suffering a fall of \$174 billion in 2013.

Gazprom, and thus the Russian economy, will remain financially dependent on European sales for the foreseeable future, despite President Putin signing a contract with Chinese President Xi in May 2015 to supply 38 billion cubic metres of gas annually from 2018 to 2048.³⁰ Consequently, it is likely that energy revenue will be too important to risk for political purposes. In September, Gazprom made overtures to the EU to resolve accusations of unfair pricing to eastern European nations. So, although Finland, for instance, remains reliant upon Russian gas imports,³¹ supplies from its eastern neighbour seem reliable. Moreover, Finland is integrated into the Nordic electricity market. Net imports of electricity accounted for 20.5% of its total electricity consumption in 2012. Imports of electricity from Sweden almost tripled, but at the same time those from Russia reduced by almost 60%.³²

18. **Poland.** Poland, which consumes more than double the gas of the Baltic States is set to import liquefied natural gas at a terminal at Świnoujście in May 2016. In 2019, a planned interconnector will give access to the new Lithuanian liquefied natural gas facilities. However, its contract with Gazprom runs until 2022, so is limited in its freedom to divest itself of energy links with Russia in the short term. Furthermore, it relies heavily upon indigenous coal for energy security, and will, therefore, be challenged to meet EU greenhouse gas reduction targets. Consequently, the government is planning to introduce nuclear power and had hoped to exploit shale gas. The former is subject to delay as falling fossil fuel costs have weakened its merits; the latter has so far failed as there has been no foreign investment.

19. **Germany.** The German government is in the midst of its mammoth *Energiewende* (energy transition) programme, moving from fossil and nuclear fuel to renewable energy. It aims to achieve an 80% cut in emissions by 2050,³³ the proportion of renewable sources in its energy mix to be 80%; and the total annual amount of energy consumed, by 2050, to be 50% of that used in 2008. Estimates suggest Germany could be independent of gas from 2050. Currently, gas is imported solely through pipelines, 37% of which came from Russia in 2012 which represents a fifth of Germany's total energy supply. Germany has extended its contracts with Gazprom to 2035.³⁴ With no terminals of its own, Germany maintains an interest in liquefied natural gas facilities in neighbouring countries.

20. **Denmark, Norway and Sweden.** The Scandinavian countries are secure in their energy requirements and set to deliver decarbonised economies by 2050. Denmark is self-sufficient in oil and natural gas and its government has set ambitious targets for future energy consumption. It is seeking a 'green growth economy',³⁵ converting to an all renewable-source transport and energy system by 2050. In July this year, wind power generated 140% of Denmark's electricity demand; the excess was exported to Norway, Germany and Sweden. Norway is amongst the leading producers of oil and gas, but is planning to reduce its own greenhouse gas emissions by 30% by 2020 when compared with

³⁰ The agreement with China represents only a fraction of what Gazprom exports to Europe – 162 billion cubic metres in 2013. See <http://www.atlanticcouncil.org/publications/articles/dont-panic>, last accessed 13 November 2015.

³¹ Of Finland's total energy consumption, Russian gas accounts for only 7%. See Statistics Finland via http://www.stat.fi/til/ehk/2015/02/ehk_2015_02_2015-09-21_tie_001_en.html, last accessed 30 November 2015.

³² National Report 2013 – Energy Market Authority, Finland.

³³ Compared to 1990.

³⁴ <http://www.gazpromexport.ru/en/partners/germany/>

³⁵ 'Our Future Energy' – The Danish Government, November 2011 via http://www.ens.dk/sites/ens.dk/files/policy/danish-climate-energy-policy/our_future_energy.pdf, last accessed 11 November 2015.

1990. A recent study suggests that with increasing efficiency and further investment, up to 90% of Norway's energy use could be renewable by 2030.³⁶ Sweden already derives 48% of its power from hydropower and biofuels; 40% from nuclear plants; the remainder is imported through the Nordic electricity market (about 8%) and wind power.

21. **Security implications.** Notwithstanding the policies of the EU to drive its 28 nations to a low carbon, low greenhouse gas economy, there will remain in the short and medium term the need for fossil fuels. Moreover, the EU, in driving down carbon emissions, may push some nations (particularly Poland and Estonia) away from coal consumption to Russian gas – it is cheaper than coal with carbon capture technologies. However, there is an obvious tension with the strategic imperative not to be reliant on Russian energy. Although Russia has stopped supply to Ukraine, it is unlikely that it will cut off supplies to the BSR. The revenues from Gazprom's exports to the BSR are vital in shoring up the ailing Russian economy.

Migration

22. Globalization has increased the demand for workers to sustain national economies. 'Economic migrants' – individuals, generally, from impoverished, developing countries – migrate to obtain an income for a better life.³⁷ This income is usually sent home to family members and has become an economic staple in a number of countries.³⁸ People also move, or are forced to move, as a result of conflict, human rights violations, violence or to escape persecution. The increasing migration flows in the Baltic region create great challenges, both for the countries that are receiving the rising flow of immigrants from the south, particularly refugees from the conflict areas of Syria, Iraq and Afghanistan, but also for a number of countries that are **losing** citizens as migrant workers seek better economic opportunities in the wider EU. GST 5 indicates that failure to integrate migrant groups could exacerbate social tensions. Technological developments will allow diasporas to remain closely connected to their native countries and, thus, means that issues from their homeland are likely to spread across host countries, and *vice versa*. Diasporas may also provide an impetus for governments to intervene – or refrain from interfering – in their citizens' countries of origin.

23. **Reception of migrants.** Europe is currently facing an 'avalanche'³⁹ of migrants and is struggling to coordinate a collective response; numbers have vastly exceeded nations' expectations. Sweden's Migration Agency has projected that up to 190,000 asylum seekers will arrive in the country this year, more than double the number previously forecast. Requiring an extra \$8.4 billion to cover the costs, Sweden has asserted that the situation is unsustainable and, in addition to calling on others to do more to share the burden,⁴⁰ has imposed border controls, casting doubt over the Schengen system.⁴¹ It is evident that the Nordic countries are attractive destinations for migrants. They have relatively generous welfare schemes and have drawn those seeking a better life for some time, as can be seen in a number of established migrant communities, such as the significant Kurdish diaspora in Sweden.⁴² Significantly, once pioneering émigrés establish a base, 'network effects', especially through using social media, encourage followers. Managing settlers is a challenge. Not unreasonably, migrants often desire to live in communities of shared identity and understanding, not least because of language and cultural considerations. However, this tends to slow down integration into the host community and may lead to isolation and, more so for adults, a failure to learn the

³⁶ Amalie Kvame Holm, *Hydropower completes greening of Norway*, University of Oslo website, 2 April 2014. Via <http://www.uioenergi.uio.no/english/research/news-and-events/news/2014/hydropower-completes-greening-of-norway.html>, last accessed 10 November 2015.

³⁷ United Nations Population Fund website: <http://www.unfpa.org/migration>, last accessed 10 November 2015.

³⁸ Jason de Parle, 'A Good Provider is One Who Leaves', *New York Times*, 22 April 2007.

³⁹ As expressed by Wolfgang Schäuble, Germany's finance minister.

⁴⁰ See <http://www.reuters.com/article/2015/10/22/us-europe-migrants-sweden-forecast-idUSKCN0SG0I220151022>, last accessed 13 November 2015.

⁴¹ *The Times*, Leading Article, 13 November 2015.

⁴² Barzoo Elliassi, 'Making a Kurdistan Identity in Diaspora: Kurdish Migrants in Sweden', in Sigona, Gamlén, Liberatore and Kringelbach (Eds.) *Diasporas Reimagined; Spaces, Practices and Belonging*, (Oxford University Press: Oxford, 2015), page 45.

language of their new home. The consequent clusters of immigrant groups often give rise to tension with long-settled residents, who resent migrants for:

- changing the character of the area in which they live;
- competing for jobs;
- monopolising services; and
- competing for limited government resources.

The current wave of migrants from the conflicts in the middle east has already seen controversy and outspoken opposition to using welfare funding for the reception and care of refugees.⁴³ An anxiety of some, stirred-up by anti-immigration groups, is that the long-settled community may find itself a minority in its own country through ever increasing immigration and the current trend of low birth rates in Western society. These fears are evident in the BSR and have already led to tension and violence. A comprehensive summary of migration issues in each of the BSR states is included at Enclosure 1.

24. **Diasporas.** Notwithstanding the likelihood, or otherwise, of migrant groups becoming a majority, it is likely that current trends will continue, their numbers will grow and, in the longer term, diasporas are likely to form and become organised. Depending upon the size of such communities, the political balance of the host country could be affected; the national intent of nations may be subject to change should large communities of any particular heritage gain a voice. The relatively low indigenous population densities in the region could exacerbate this effect. Another possible future concern is that organisations espousing anti-global, anti-Western ideology (such as that of the so-called 'Islamic State') may find traction and support in diaspora communities. It is possible that such 'jihadist' beliefs will appeal to those who might otherwise feel isolated and not fit in to Western society and become a threat from within. As observed by President François Hollande when discussing the massacre perpetrated in Paris on 13 November 2015, "...It is an act of war that was prepared, organised and planned from abroad, with complicity from the inside..." Of course, not all aspects of conflict diasporas are negative. Recent studies have shown that they can assist with relief, peace-building, and post-conflict recovery as 'peace-makers' and this fits well with Nordic nations' exemplary record supporting such operations.⁴⁴ It should also be noted that there are politically active Russian ethnic diasporas in the BSR, particularly in Estonia and Latvia, which will be discussed later in this report.

25. **Managing migration.** GST 5 identifies migration as a long-term trend. While the current influx of refugees from Syria and other conflict-torn countries is often described as a crisis (implying a short-term problem), the flow of migrants to Europe is clearly a long-term, ongoing issue and is unlikely to abate in the future. Addressing migration will require concerted action from many states involving more than physical prevention or the determination of where migrants should be allocated. A long-term solution requires intervention in the country of origin. However, establishing communication paths and connections, encourages and enables migration. Reducing migrant flows (which realistically requires developing and improving the quality of life in migrant homelands) is likely to be a lengthy project. Moreover, such involvement may need nations to reconsider how, and when, they are willing to use their armed forces. In Germany, 150,000 people arriving every month has led to a reorientation of foreign and defence policy with consideration of interventions overseas to prevent states from collapsing and ensuring as 'few refugees as possible embark on the long journey to Germany'.⁴⁵ Increased migrant flows also have the potential to cause friction between states as migrants flow from one state to another leading to perceptions of bad behaviour by a neighbour

⁴³ Meeting with Finnish MOD Policy Research Branch – November 2015.

⁴⁴ Working paper, https://www.compas.ox.ac.uk/fileadmin/files/Publications/working_papers/WP_2015/WP-2015-122-VanHear_Cohen_Diasporas_Conflict.pdf

⁴⁵ See Spiegel online International via <http://www.spiegel.de/international/germany/refugee-crisis-leads-to-new-focus-of-german-foreign-policy-a-1062116.html>, last accessed 13 November 2015.

'shifting the burden' or refusing to pull their weight. As we discuss later, it is likely that Russia will attempt to exploit national differences and undermine partnerships between countries in the region as part of an ambiguous approach. In addition, we have already seen Russia use migration as an intimidation tool in their expelling of asylum seekers from the conflicts in the Middle East across EU borders. This has been clearly exemplified in the so-called 'bicycle migration' across the Russian/Norwegian border.

26. **Outward migration.** The Baltic States and Poland are currently experiencing outward migration. This trend is likely to continue and will prove challenging. Joining the EU has had a double-edged effect – it has allowed increased funding for the ex-Soviet states, but at the same time has offered many the chance to leave their country for better opportunities elsewhere. Notwithstanding the remittances that are sent home, the effect on the losing states of this 'brain drain' and general loss of mainly young people, will damage already fragile economies and reduces the manpower available for recruitment into the armed forces in the event of crisis. Currently, Latvia, for instance, has a population of which only 63% is of working-age; this group declines by 1.5% per year. Over the past decade, about 220,000 Latvian residents emigrated to other countries, and currently more than 10% of Latvians live abroad. Although this initial demographic problem could be aided by inward migration, this would also reduce the proportion of ethnic Latvians living in the homeland. There is great sensitivity in Latvia over this possibility after the rigours of Russian occupation. In 1989, ethnic Latvians made up less than 52% of the country's population. While the increase in commerce and improved governance that has followed accession to the EU will lead to further improvement in the economies of Estonia, Latvia, Lithuania and Poland (and they may eventually offer prospects that compete with those available in the West) it is likely to be some time before these states can hope to recover many of the workers whom they currently have lost.

Alliances and partnerships

27. **Baltic Sea region regional security frameworks.** The BSR presents a complicated patchwork of interlocking security and economic institutions. Except for Russia, of the countries in the region only Finland and Sweden are not members of NATO; all except Norway are members of the EU. But within those organisations there are countries with different agendas and views on regional security. Leaders of many European countries have focused on the threats emerging from the south of Europe, and Germany, with a long standing philosophy of *ostpolitik*,⁴⁶ continues to be hesitant confronting Russia. Most BSR nations cannot defend themselves unaided and are dependent on the deterrent effect of Article 5. There are a number of other, smaller, institutions, and several bilateral defence agreements, such as the one between Sweden and Finland, that further complicate the picture. A diagram detailing membership of some the key overlapping security institutions is included in Figure 1.

⁴⁶ Meaning 'Eastern Policy' in German, it was a West German foreign policy of détente begun in the late 1960s. It recognised the East German government and growing commercial relations with other Soviet-bloc countries. Since the Cold War, it has been largely adopted to describe European countries attempts to build peaceful trade links with Russia.

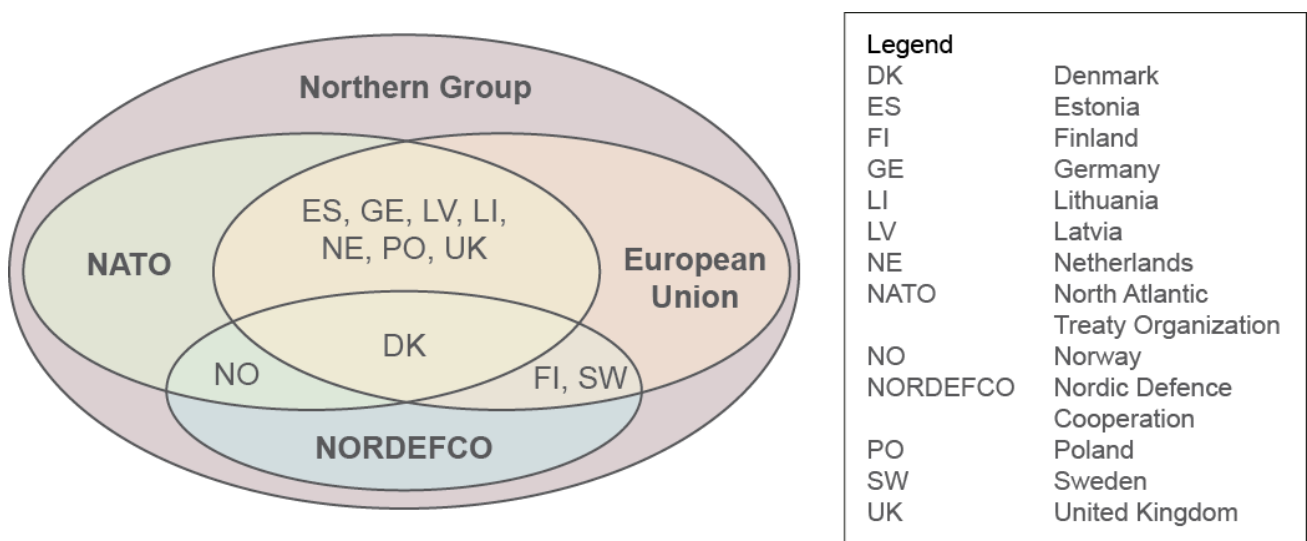


Figure 1. Overlapping security institutions in the BSR (not including Russia)

28. **NATO.** GST 5 indicates that NATO is likely to remain the bedrock of European security. The US currently provides more than 70% of NATO's resources and capabilities, but there is a perception that changing geopolitical realities are leading the US to focus less on European affairs and shift emphasis towards other regions. However, despite this strategic pivot to the Asia-Pacific, in response to Russian aggression towards Europe, the US is planning to store heavy military equipment in Poland from mid-2016, possibly for a mechanised brigade's use, and there are also indications of storing equipment in a number of other east European states.⁴⁷ European nations are likely to be called upon to take more responsibility for military capability. In particular, European NATO-members and the EU may have to take a more active role in managing Russian influence at a time when Russia's military is re-emerging as an instrument of power. NATO's credibility and, by extension, the US as a European actor, depends on whether it can guarantee its members' security. This is a major concern, for example, in the three Baltic States where, due to decades of Russian domination, Estonia, Latvia and Lithuania place much greater emphasis on the Russian threat than do the US and many western European countries.⁴⁸ Those NATO members that were part of the Warsaw Pact, or were absorbed into the Soviet Union after World War II, view Russia as an existential threat.⁴⁹ In 2015, for the first time in many years, the North Atlantic Council (NAC) discussed the security situation in the BSR. The structure of the meeting, with 28 Alliance members plus Sweden and Finland, was also new. The basis for discussion was the military assessment of a 'new normal', in which Russia's intensified activities could no longer be considered as a passing storm. The outcome of the meeting was more information sharing between the countries in the region and coordination of training and exercises and intensified cooperation with Sweden and Finland. This resulted in Sweden and Finland signing a host nation agreement with NATO and intensifying bilateral military cooperation with Denmark and Poland.⁵⁰ There are a number of exercises taking place in the region with NATO (including the US) and non-Alliance countries participating, all intended to send messages of strong resolve to Russia. The US is likely to continue to urge the European countries to take greater responsibility for their own

⁴⁷ 'Poland to store US military equipment from mid-2016: PAP agency', Reuters, 27 August 2015, via

<http://www.reuters.com/article/2015/08/27/us-usa-military-poland-idUSKCNQW15L20150827>, last accessed 10 November 2015.

⁴⁸ Edward Lucas. *Baltic Sea Security Report* (May 2015, Center for European Policy Analysis, Washington DC and Warsaw), pages 2-3.

⁴⁹ Luke Coffey and Daniel Kochis, *The Baltic States: The United States must be Prepared to Fulfill its NATO Treaty Obligations*.

Backgrounder 3039 by The Heritage Foundation, 29 September 2015, via <http://www.heritage.org/research/reports/2015/09/the-baltic-states-the-united-states-must-be-prepared-to-fulfill-its-nato-treaty-obligations>, last accessed 10 November 2015.

⁵⁰ Anna Weislander, 'A 'new normal' for NATO and Baltic Sea Security' in *Atlantic Council Daily News*, 5 October 2015, via

<http://www.atlanticcouncil.org/blogs/natosource/a-new-normal-for-nato-and-baltic-sea-security>, last accessed 10 November 2015.

security. The issues surrounding possible future NATO membership of Sweden and Finland are complex. Although there will likely be strong pressure on them to join the Alliance, NATO should be aware of the implications of how Russia will act if those countries applied; it will almost certainly see such a move as further Western neo-imperialism and an encroachment on its 'near-abroad' area of influence. The main challenge for the Alliance will continue to be the credibility of the Article 5 guarantee given the geographical proximity of the main threat and NATO's need for consensus.

29. **EU.** GST 5 suggests that, although the EU will probably remain one of the top three world economies, the lack of an effective common security and defence policy means that it is likely to be comparatively weak as a global security actor. EU members are, however, likely to still agree the centrality of world institutions such as the UN in world governance. The EU has adopted a strategy of externalising and promoting 'European values' in its neighbourhood to aid cross-border security.⁵¹ This strategy was manifest in the BSR by the EU 2010 Action Plan, the overall objective of which is to make the Baltic region an attractive place in which to invest, work and live.

'The Baltic Sea region plays a strategic role in EU-Russia relations being the main gateway from Russia to Europe. Its prosperity, safety and security are of crucial importance not only for neighbouring regions and countries but for the whole of Russia and the EU.'⁵²

Ten projects have been selected by the EU Delegation to Russia. They fall under priorities of the northern dimension in the area of energy efficiency, transport, culture, health and social well-being and will be implemented by NGOs and universities from Russia and the EU.⁵³ The EU Strategy for the Baltic Sea Region (EUSBSR) is the first broader regional strategy in Europe. It aims at reinforcing cooperation within the region to face several challenges by working together as well as promoting more balanced development. The strategy also contributes to major EU policies and reinforces integration.⁵⁴ There are three key elements of the strategy: saving the sea: connecting the region; and increasing prosperity. There are different perspectives of the EU within the member countries in the BSR. Poland, for example, would like to see the strengthening of the EU as a security organisation and is arguing for an EU military headquarters. The EU certainly remains the key organisation for effectively using economic and other 'soft power' levers as crisis management tools within the BSR.

30. **Other organisations.** An increasingly important forum and defence policy group is the **Northern Group** which is an association of northern European countries meeting regularly, of which nine are NATO members and two are not.⁵⁵ The group shows an interest in, and willingness to, engage in defence issues concerning Northern Europe, and especially the Baltic Sea region and the 'Russian problem'. Britain's Defence Secretary, Michael Fallon, said: "The Northern Group provides a key platform to help shape and deliver Europe's and NATO's response to the security implications of Russia's indefensible actions in Ukraine and whose incursions of European air and sea space have increased."⁵⁶ The **Council of Baltic Sea States** includes all of the states in the region, including Russia, and the European Commission. It is mainly a political forum for intergovernmental cooperation working to advance regional identity, security, and sustainable prosperity. The **Nordic Defence Cooperation (NORDEF)** consists of the five Nordic countries.⁵⁷ Its purpose is to strengthen the participating nations' national defence, explore common synergies and facilitate

⁵¹ Katharina Koch, 'Region-building and Security: the Multiple Borders of the Baltic Sea Region After EU Enlargement', *Geopolitics*, 2015, page 540.

⁵² Delegation of the European Union to Russia, EU Baltic Sea Programme for Russia via http://eeas.europa.eu/delegations/russia/eu_russia/tech_financial_cooperation/eu_baltic_sea_programme_in_russia/index_en.htm.

⁵³ *Ibid.*

⁵⁴ <http://www.balticsea-region-strategy.eu/about>, EUSBSR (2015), *What is the EUSBSR?*

⁵⁵ The Northern Group Countries are: the UK, Poland, Germany, the Netherlands, Denmark, Norway, Sweden, Finland, Estonia, Latvia and Lithuania.

⁵⁶ <https://www.gov.uk/government/news/defence-secretary-meets-with-nordic-baltic-defence-ministers>.

⁵⁷ Denmark, Finland, Iceland, Norway, Sweden.

efficient common solutions. It is not a security organisation, although its existence promotes a common basis for security. Bilateral and multilateral *ad hoc* arrangements also have a major part to play in the region. The Air Forces of Finland, Norway and Sweden exercise together on a regular basis and operate very efficiently together. Finnish-Swedish cooperation has developed apace in the last two years, moving from, initially, very informal links to formal operational contingency planning.

Corruption and money

31. GST 5 suggests that, 'if unchallenged, corruption is likely to continue to exacerbate global inequality and conflict'.⁵⁸ Russia is the major source of corruption in the BSR. As with the Soviet system, there is no genuine, regular rotation of power in Russia. Putin and Medvedev have not faced a realistic prospect of defeat due to some genuine popular support, but also their cause has been assisted by limited press freedom, corruption and election meddling. Consequently, the political elite feels no obligation to work in the interests of its electorate. It follows that politicians develop strong ties to the nation's civil servants and this high-level bureaucratic layer directs the distribution of wealth, inevitably securing material benefits for itself. The estimated cost of Russia's endemic corruption is 18%-20% of the nation's GDP.⁵⁹ In Transparency International's Corruption Perception Index of 2014, Russia was ranked 136 out of 175; the World Bank's Worldwide Governance Indicators observe that the Russian Federation is in the lowest 20% of countries when ranked by the effectiveness of their control of corruption.

32. **Regional effects of Russian corruption.** Corruption in Russia is so endemic that there is a danger that international companies conducting business there may also become tainted by its criminal practices. Foreign investors are subject to extortion, often in the guise of officials whom require 'sweeteners' to unlock the bureaucratic process.⁶⁰ Countries that have significant trade with Russia, including the three Baltic States, are particularly vulnerable. For example, it is widely reported that Latvia has a parallel banking system – one side is legitimate; the other, which is not, launders Russian money.⁶¹ There is an identifiable trend here. Criminality leads to corruption which is implicitly endorsed by the Russian state; the state may then use it as a lever. As noted by Chatham House, an effective part of Russia's soft power is its co-opting of business and political elites through bribes, financial inducements and the appeal of an opaque network-driven, rather than market-driven, business culture.⁶² Recently, Tallinn's mayor (also leader of the pro-Russian Centre Party) was arrested on suspicion of receiving bribes. The *Moscow Times* reported that: 'The arrest comes as Estonian politics have been dominated by fears of interference by neighbour[ing] Russia following Moscow's annexation of Ukraine's Crimea region.' Lack of transparency within Russian business is at odds with the EU's efforts to promote good governance through its European Neighbourhood Policy. Consequently, the policy has been opposed by the oligarchs and the Russian state which work together to achieve Moscow's goals. Though aware of the inequity of the system, Russian society has, in general, become inured to poor governance. The liberal intelligentsia that does object is small in number, and has little influence. Over the years, the general population's attempts to change the country for the better have all ended in failure. There is, therefore, a 'learned helplessness' whereby Russians appear to accept the *status quo* because they perceive it to be unchangeable. The contrast between increasing levels of openness and free trade between the nations of the BSR and the corruption in Russia is likely to continue to be a source of tension.⁶³

⁵⁸ *Op.Cit.*, GST 5, page 75.

⁵⁹ Sutyagin, RUSI.

⁶⁰ 'Is Russia too corrupt for international business?' *CNBC Website*, 11 June 2013, via <http://www.cnb.com/id/100805382>, last accessed 9 November 2015.

⁶¹ For example, see: [http://www.investing.com/news/world-news/russian-nuclear-exec-pleads-guilty-to-arranging-\\$2-million-in-bribes-359401](http://www.investing.com/news/world-news/russian-nuclear-exec-pleads-guilty-to-arranging-$2-million-in-bribes-359401)

⁶² Agnia Grigas, *Legacies Coercion and Soft Power : Russian Influence in the Baltic States*. Chatham House Briefing Paper, August 2012. via https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Russia%20and%20Eurasia/0812bp_grigas.pdf, last accessed 9 November 2015.

⁶³ Much of the material on the economic problems in Russia was provided by Sarah Lain, RUSI in an unpublished paper commissioned by CDCDC. A number of her footnotes are in Russian, but are included for completeness. (footnotes 61-64, 76).

Russia

33. It is clear that Russian behaviour will remain the major geopolitical factor in the future security of the BSR. There is a strong academic belief that current Russian ways of statecraft and strategy-making will endure.⁶⁴ Though there is some evidence of discontent amongst the Russian population about their current leadership, the only realistic hope for change is that the country's elite will realise that to survive, change is necessary. The Russian ex-finance minister, Aleksei Kudrin, asserted recently, 'The stagnant economy is creating a serious risk for a surge in social and economic tensions'⁶⁵ and that reform was a top priority. However, notwithstanding this economic plight, by far the prevailing view from Russia's leadership is that Russia is a 'great power' and should be treated as such. This thinking is echoed by much of the population; in a poll taken in March 2015, 68% of Russian respondents described their homeland thus.⁶⁶ The early promise of the end of the Cold War soon dissipated in Russia, with the expansion of NATO and EU into the former Soviet sphere of influence widely seen as Western (particularly US) neo-imperialism and considered to be a calculated humiliation of the Russian state. A desire for recognition, and a reversal of decades of humiliation, make a dismantling of the current liberal security structures and a rebuilding of regional order around clear spheres of influence (including recognition of Russia's extraterritorial interest) central to Russian future strategy.

34. With this in mind, Russia's recent actions in Ukraine might be understood. Most Russians believe that Ukraine is part of the motherland; the prospect of it turning to the West, and particularly its burgeoning desire to join the EU, was unpalatable. Moreover, as the Donbas region is where 50 suppliers to Russia's Defence industry are headquartered, and, given the importance and vulnerability of the naval base at Sevastopol, the calculus to intervene was likely to be compelling. Inaction may have been interpreted as weakness. Russia's relationship with the BSR, however, and willingness to intervene militarily, is not so evident. The region is clearly of strategic importance, given the considerable volume of Russian energy transported through it, and the access it offers commercial and military fleets to the Atlantic. However, overt interference in the BSR would invite a much higher degree of international disapproval, and military intervention would risk a robust NATO Article 5 response. Therefore, Russia may well exercise discretion in its ambition in the BSR and prefer to maximise its influence and access by other means – and still meet its 'sense of self' as a great power. Whilst it enjoys a comparative military advantage in the BSR, and has demonstrated a willingness to employ its 'hard power' in Ukraine, Crimea and more recently in Syria, Russia suffers from endemic corruption and a failing economy. Moreover, Russia has lost influence through failing to exercise effective, legal 'soft' power.⁶⁷ Consequently, to pursue its goals, Russia is likely to increasingly turn to an ambiguous approach using all the tools in its armoury to sow dissent, weaken unity and attack resolve, thereby undermining existing alliances and partnerships and driving wedges between states to manipulate the power balance.

35. **Russian economy.** The Russian economy is in recession. Future growth, if it occurs, is likely to be sluggish at best. In the long-term, any possibility of growth is severely limited by a demographic decline, reducing the active workforce, and constraints on competition and private investment.⁶⁸ The Russian economy contracted 4.6% in the second quarter of 2015.^{69,70} The falling prices of fossil fuels

⁶⁴ Dr Igor Sutyagin, RUSI, interview 12 August 2015 and paper subsequently commissioned by DCDC.

⁶⁵ 'Economic reform task topical amid Russia's turn to East – Kudrin'. Website *Russia beyond the Headlines*, 29 September 2015, via http://rbth.com/news/2015/09/29/economic_reform_task_topical_amid_russias_turn_to_east_-_kudrin_49655.html, last accessed 9 November 2015.

⁶⁶ 'Russians call their country great power'. Website *Russia beyond the headlines*, 25 March 2015, via http://rbth.co.uk/news/2015/03/24/russians_call_their_country_great_power_-_poll_44714.html, last accessed 9 November 2015.

⁶⁷ 'Russia only has itself to blame for lost influence in post Soviet sphere.' *Moscow Times*, 30 June 2015, via <http://www.themoscowtimes.com/news/article/russia-only-has-itself-to-blame-for-lost-influence-in-post-soviet-sphere/524757.html>, last accessed 9 November 2015.

⁶⁸ Keir Giles et al. *The Russian Challenge*, The Royal Institute of International Affairs, Chatham House, London, June 2015.

⁶⁹ <http://informing.ru/2015/08/10/rosstat-vo-ii-kvartale2015-goda-vvp-v-rf-upal-na-46.html>

⁷⁰ http://www.gks.ru/bgd/free/B04_03/IssWWW.exe/Stg/d06/ind-zen24.htm

on the global market has been a leading factor and is likely to continue to be so for the long-term. Aleksei Kudrin said in June 2015 that Russia was in a 'fully-fledged crisis'.⁷¹ A survey highlighted that Russia's middle class now struggled more than before to meet even basic needs.⁷² Pensioners have also been hard-hit, and unemployment increased in August year-on-year by 13.5%.⁷³ There is less evidence, however, to suggest that this would generate enough tension to lead to large-scale domestic conflict or political protest. The independent polling organisation, the Levada Centre, specifically asked in September 2015, 'how possible is it for mass protests against deteriorating living standards, and in protection of one's rights, to take place in your city/rural region?' 76% answered 'unlikely'. If such protests were to occur, 80% said they would not participate.⁷⁴ However, if the Russian government's reaction to anti-corruption protests in Moscow in 2011, and the Kremlin's stance on the Maidan activism in Ukraine of 2013-2014 are indicators, large-scale political protest is likely to be met with a severe response.

36. Diverting public attention. A potential means to prevent discontent from becoming widespread unrest is to divert the population's attention. The Russian government has made great efforts to blame outside factors for Russia's economic problems. For instance, Putin's economic advisor, Sergei Glazyev, suggested that Russia should apply extreme policies, such as freezing consumer prices and converting insolvent enterprises into 'public enterprises', to stabilise the rouble, exchange rate and prices.⁷⁵ In his 'State of the Union' address in December 2014, Putin accused the West of sabotaging the Russian economy with sanctions.⁷⁶ The Russian government has also highlighted the tendency of the Russian people to adopt a siege mentality in the face of outside threats. At the World Economic Forum in Davos in January 2015, Deputy Prime Minister Igor Shuvalov said, 'when a Russian feels any foreign pressure, he will never give up his leader. Never. We will survive any hardship in the country – eat less food, use less electricity.'⁷⁷

37. 'Protecting compatriots everywhere'. In Ukraine, Putin applied the Russian doctrine of 'protecting compatriots everywhere'. The definition of who deserves this recognition is loose; it seems to mean 'anyone who identifies culturally with Russia, regardless of ethnicity and citizenship'⁷⁸ and has variously applied to Russian language speakers, ethnic Russian diasporas and even ex-citizens of the Soviet Union. There is concern that Putin may apply this doctrine to the large concentrations of ethnic Russians and Russian speakers who live in the three Baltic States, particularly in Estonia and Latvia, under the pretext that they are unfairly treated.⁷⁹ The key region in Estonia is Kirde-Eesti, which includes approximately 73% ethnic Russians.⁸⁰ The city of Narva sits in this region, which has often been viewed as a potential target for Russian meddling, particularly given its close proximity to Russia. Over the past 20 years, incomes in Kirde-Eesti have been lower than those of the rest of

⁷¹ http://www.gazeta.ru/business/news/2015/06/19/n_7301901.shtml

⁷² <http://w-city.net/glavnaya-18.html>

⁷³ 'Unemployment in Russia up by 13.5% in August in Annual Terms', TASS website, Business and Economy section, 23 September 2015, via <http://tass.ru/en/economy/823160>, last accessed 9 November 2015.

⁷⁴ Poll Report 'Potential for Protest' Yuri Levada Analytical Center, Press Release dated 21 September 2015, via <http://www.levada.ru/eng/potential-protest>, last accessed 9 November 2015.

⁷⁵ Andrey Movchan, 'Glazyev's Economic Policy of the Absurd', Carnegie (Moscow Centre), 15 September 2015, via http://carnegie.ru/eurasiaoutlook/?fa=61271&mkt_tok=3RkMMJWWff9wsRomrfCcl63Em2iQPJWpsrB0B%2FDC18kX3RUoJbWbfkz6htBZF5s8TM3DUVIFXqBR9kEAS7M%3D, last accessed 9 November 2015.

⁷⁶ Simon Schuster, 'Putin's Rambling State of the Nation Speech Unnerves Russia's Elites', *Time*, 4 December 2014, via <http://time.com/3619369/vladimir-putin-russia-state-of-the-nation/>, last accessed 9 November 2015.

⁷⁷ <http://www.mk.ru/politics/2015/01/23/shuvalov-rossiyane-budut-menshe-est-sidet-v-temnote-no-ne-sdadut-putina-pod-davleniem-izvne.html>

⁷⁸ Peter J.S. Duncan and Alexander Titov, 'Russia's National Identity and Perspectives on the Baltic States, 1992-2012', UK Baltic Study Group Working Paper Series WP 2013/01, <https://docs.google.com/viewer?a=v&pid=sites&srcid=ZGVmYXVsdGRvbWFpbX1a2JzZ3JvdXB8Z3g6M2M2OGJlODBlYTE3ODg3Ng>, last access 12 November 2015.

⁷⁹ 'Russia Sees Need to Protect Russian Speakers in NATO Baltic States', *The Moscow Times*, 16 September 2014, via <http://www.themoscowtimes.com/news/article/russia-sees-need-to-protect-russian-speakers-in-nato-baltic-states/507188.html>, last accessed 9 November 2015.

⁸⁰ Zimin D., (2014), 'Kirde-Eesti, Estonia: Patterns of Socio-Economic Development – Case Study Report', GRINCOH Working Paper Series, Paper No. 6.03.03.02 via http://www.grincoh.eu/media/serie_6_spaces_territories_and_regions/grincoh_wp6.03.03.02_zimin.pdf, last accessed 9 November 2015.

Estonia, adding to an economic grievance on which Russia could potentially capitalise to cause disruption.⁸¹ The region of Latgale in Latvia also has a high concentration of ethnic Russians (approximately 38%) and also borders Russia.⁸² Unemployment has traditionally been high in Latgale compared to other regions. In the Latvian capital, Riga, there is a high proportion of Russian speakers but they have increasing political representation and like others of Russian heritage in the Baltic States enjoy the economic benefits. They expressed approval for Russian actions in Ukraine, but there was little sign of public unrest in support of Russia. EU membership and a stronger economic performance compared to that of Russia creates a different socio-economic dynamic that is less vulnerable to the tactics that were used effectively in Ukraine. In a 2015 Index of Economic Freedom,⁸³ compiled by the Heritage Foundation and the Wall Street Journal, Estonia ranked the 8th most free economy; Russia was placed 143rd. The draw of Russia has historically thus been less appealing than the draw of the Baltics. Since 2013, only 37 ethnic Russians have emigrated from Estonia to Russia as part of Russia's 'resettlement of compatriots' programme.⁸⁴

38. **'Non-citizens'**. An associated source of tension has arisen through the refusal of Estonia and Latvia, on gaining their independence, to automatically grant citizenship to people of Russian heritage who had moved to those states in Soviet times; to gain citizenship such individuals would have to satisfy certain strict conditions, including sitting an exam. Consequently, a third of the populations in those countries became 'non-citizens', a status which restricts political access and affords fewer rights than those offered to citizens. Notwithstanding that the numbers affected are now reduced, 6.2% (83 121)⁸⁵ in Estonia and 12% (257 377)⁸⁶ in Latvia, the issue contributes to the antipathy of Russia towards the Baltic States. President Putin asserted in 2012:

'It's impossible to tolerate the shameful category of 'non-citizen'. How is it possible to be reconciled with the fact that every sixth inhabitant of Latvia and every thirteenth inhabitant of Estonia as 'non-citizens' are deprived of fundamental political, electoral and socio-economic rights and the chance to use the Russian language freely?'

However, non-citizens in some ways enjoy added benefits by being both Russian and residents of Estonia or Latvia. They can travel to the EU, but can also travel to Russia without obtaining a visa.

39. **Security implications.** The most probable future cost to the BSR of current geopolitical tensions is a further decline in trade with Russia. Russia is importing fewer goods, which particularly affects exports from the Baltic region. Reducing imports have been escalated by Russia's reciprocal sanctions which have particularly affected Lithuania, Finland, Poland, Germany and Denmark.^{87,88,89,90} However, rather than leading to further conflict, this decline in economic trade has emphasised the risks of being too closely tied to Russia and is likely to encourage the search for new markets in the West and elsewhere, and a turning away from the previous *ostpolitik*. The EU is providing financial

⁸¹ *Ibid.*

⁸² <http://invest.latgale.lv/ru/biznes-sreda/sotsialno-ekonomicheskaya-harakteristika>

⁸³ 2015 *Index of economic freedom*, Heritage Foundation, via <http://www.heritage.org/index/country/estonia>, accessed 9 November 2015.

⁸⁴ <http://www.novayagazeta.ru/society/67143.html>

⁸⁵ See <http://estonia.eu/about-estonia/society/citizenship.html> last accessed 11 November 2015.

⁸⁶ See <http://www.mfa.gov.lv/en/policy/society-integration/citizenship-in-latvia/citizenship-policy-in-latvia/basic-facts-about-citizenship-and-language-policy-of-latvia-and-some-sensitive-history-related-issues> last accessed on 11 November 2015.

⁸⁷ Germany saw exports drop by 40%, Estonian exports fell by 57.1% and Lithuanian exports by 55.5%. Lithuania is particularly vulnerable, as agricultural products covered by Russia's ban made up 3.7% of total exports in 2013, the largest in Europe. According to a report from Denmark's Danske Bank, the Baltic States will lose \$780m due to their reduced exports to Russia.

⁸⁸ *The Russian Embargo: Impact on the Economic and Employment Situation in the EU*. European Parliament employment and social affairs Briefing Paper, dated October 2014. via

[http://www.europarl.europa.eu/RegData/etudes/BRIE/2014/536291/IPOL_BRI\(2014\)536291_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2014/536291/IPOL_BRI(2014)536291_EN.pdf), last accessed 9 November 2015.

⁸⁹ Peter Hobson 'Russian Imports Plunge 39 Percent as Recession Takes Hold' *Moscow Times*. 22 September 2015, via <http://www.themoscowtimes.com/business/article/russian-imports-plunge-39-percent-as-recession-takes-hold/532468.html>, last accessed 9 November 2015.

⁹⁰ Andre Tartar. 'Here's How Much Russia's Crisis Will Cost Its Neighbors' Bloomberg News 23 February 2015, via <http://www.bloomberg.com/news/articles/2015-02-23/here-s-how-much-russia-s-crisis-will-cost-its-neighbors?hooPostID=2d3473b4be9e89b434fc1e40f8b866c1>, last accessed 9 November 2015.

support to farmers across Europe and EU energy policies are driving a reduced dependency on Russian sources. Conflict escalation over these issues is, therefore, becoming increasingly unlikely.⁹¹ However, Russia's desire for recognition as a 'great power' complicates any logical analysis of its intent. As Chatham House's Andrew Monaghan states, '...security aspects trump economic considerations in Russian strategic thinking'.⁹² Whilst the motivation for Russian interference in the BSR is far less obvious than in Ukraine, the BSR is of vital strategic interest to Russia and we cannot discount Russia attempting to manipulate the power balance. Russia has always been opportunistic – if it sees weakness in its putative opponents, it will try to take advantage.

40. **What is the threat posed by Russia?** Analysis suggests that, in future, Russia will continue to be governed by a largely authoritarian system. The mentality of its ruling class is rooted in Soviet ideology and, as such, is not invested in business and does not feel constrained to safeguard any particular element of Russian commerce. The endemic corruption, sense of greatness, and of being wronged, allied to the country's over-inflated security apparatus, eliminate many of the restrictions that might curb Russian adventurism. There is no mechanism external to the bureaucratic class which could stop the leadership from harming the Russian economy in pursuit of revisionist goals. Russia's close neighbours, for example, the three Baltic States, are obvious targets for intimidation at a minimum, retaliation at worst.⁹³ Whilst there is, as previously mentioned, a small likelihood of the ruling class initiating peaceful change, the alternative pessimistic future (however unlikely) is of the Russian government being overturned by a popular uprising and the potential of an unstable 'failed state' in the BSR. GST 5 describes such an eventuality.

'An authoritarian country, held together by an oppressive, unrepresentative regime could conceivably collapse following a period of prolonged under-investment in civil institutions, infrastructure and healthcare, combined with an economic decline exacerbated by international isolation and sanctions. If such a country already contained a number of different sub-national groups, civil war could occur, followed by fragmentation into several new countries with severe consequences for the global economy and regional security and stability.'⁹⁴

Although there are currently no obvious sub-national groups within Russia, it is a powerful, nuclear armed state. If such an event were to occur, it would likely be catastrophic to peace and stability, not only in the BSR but in much of the wider world. Detailed analysis of such an event is outside the scope of this study.

The future Baltic Sea region operating environment

41. The foregoing analysis suggests that future trends in the BSR are likely to have a significant impact on the future operating environment. These mirror a number of the key implications from the FOE 35, namely:

- technology;
- the urban-littoral challenge;
- blurring of threats – domestic and overseas;
- humanitarian assistance and disaster relief; and
- A2AD.

⁹¹ 'EU boosts aid to farmers hit by Russia sanctions', *Channel News Asia*, 8 September 2015 via <http://www.channelnewsasia.com/news/world/eu-boosts-aid-to-farmers/2110560.html>, last accessed 9 November 2015.

⁹² Andrew Monaghan, *Defibrillating the Vertikal? Putin and Russian Grand Strategy*, Chatham House Research paper, October 2014.

⁹³ Sutyagin, RUSI.

⁹⁴ *Op.Cit.*, GST 5, page 74.

We now discuss each of these in turn. The remaining FOE 35 implications – agility, reconstitution and understanding – will be discussed when we analyse the emerging strategy of the ambiguous approach.

Technology

42. BSR nations are well placed to exploit globalisation and its associated technological advances.⁹⁵ However, smaller economies cannot afford to develop all potentially advantageous technologies. Cooperation on research and development across like-minded BSR nations, especially on technology-watch systems, would enable limited resource to be invested effectively. Such cooperative measures as those currently being considered between the three Baltic States to trilaterally procure a medium-range air defence system suggest a possible way forward. Russia's military will continue to have access to greater resources⁹⁶ and, potentially, the will and ability to prioritise spending on the span, quality and scale of its military capability. Russia also has the ambition to assert itself in a hostile manner. The other states in the BSR must understand how to exploit technological advances to maximise their security. FOE 35 indicates that ensuring resilience against disruption through cyber attacks will be critical out to 2035. Technological disruption is likely to have an increasing impact on connected services and infrastructure. Military and commercial systems that are connected to computer networks will remain vulnerable to cyber attack. Military systems, in particular, will need to ensure the highest levels of cyber security and may need to be able to operate 'disconnected' for periods of time. The commercial sector has increasingly 'turned to technology to improve production, cost and reduce delivery schedules...[and] these technological changes have opened the door to emerging threats and vulnerabilities as equipment has become accessible to outside entities.'⁹⁷ As a regional example, one of the objectives of the EU Strategy for the Baltic Sea region is introducing a connected navigation and communication system. 'E-Navigation'⁹⁸ is a model for introducing gradually modern digital communications in the maritime transport sector so it can: increase safety and environmental protection; increase efficiency; and, at the same time, reduce administrative burdens and costs to the benefit of crews on board the ships, ship owners and authorities inland.⁹⁹ Such systems will undoubtedly bring benefits and efficiencies, but particular attention should be paid to their resilience to prevent damaging exploitation.

The urban-littoral challenge

43. FOE 35 identifies littoral operations, including the urban-littoral, as a particular challenge for future commanders. The crowded and complex environment of the BSR will require improved surveillance capabilities to ensure sufficient situational awareness of Baltic territorial seas and exclusive economic zones activity. The littoral, multinational and cross-agency nature of the operating environment means that operational success in the BSR will not only require a high degree of coordination between maritime commanders and their land and air counterparts, but also international and cross-government cooperation.

⁹⁵ Pekarskiene, I, 'An Assessment of the Level of Globalization in the Baltic States', *Inzinerine Ekonomika-Engineering Economics*, 2011, 22(1), pages 58-68.

⁹⁶ As an indication, total Russian proved reserves of oil, natural gas and coal are 14.1 billion tonnes, 32.6 trillion cubic metres and 157 trillion tonnes which represent 6.1%, 17.4% and 17.6% of the global total. If production of those fuels continued at current rates, Russia's reserves would last 26, 56 and 441 years, respectively. See the BP Statistical Review of World Energy, June 2015, at <http://www.bp.com/content/dam/bp/pdf/energy-economics/statistical-review-2015/bp-statistical-review-of-world-energy-2015-full-report.pdf>, last accessed 13 November 2015.

⁹⁷ Eric Haun, *Global Shipping Exposed to Cyber Threat*, Marine Link, April 2014.

⁹⁸ e-Navigation is the harmonised collection, integration, exchange, presentation and analysis of maritime information onboard and ashore by electronic means to enhance berth to berth navigation and related services, for safety and security at sea and protection of the marine environment.

⁹⁹ Jette Nordam, 'The importance of cooperation across the Baltic Sea region', *Baltic Rim Economies* 4/2014 via http://www.utu.fi/en/units/tse/units/PEI/BRE/Documents/BRE_4_2014.pdf, last accessed 10 November 2015.

Blurring of threats – domestic and overseas

44. Given that migration is likely to be a long-term feature of the international landscape in the BSR, nations must be prepared to manage the effects of extensive migration on foreign and domestic interests. In particular, the 'blurring' of threats to security at home and overseas, mentioned in FOE 35, and likely to be exacerbated by increasing diaspora populations, will be a significant challenge to regional armed forces. Military forces may be increasingly required to deploy at home in support of the civil authorities in addition to their more traditional role of national defence against an external threat. Domestic pressures may also alter national will to intervene overseas, effectively driving national interest. FOE 35 also mentions the increased threat to homelands posed by: cyber attacks; chemical, biological, radiological and even nuclear weapons; and sophisticated ballistic missiles. These will all be factors in future BSR security.

Humanitarian aid and disaster relief

45. Human activity, in terms of pollution from waste and the potential for a nuclear accident, continue to present risk to both the maritime and land environment in the BSR. The effects of climate change in the BSR, as well as having a negative impact on the ecosystem, could also lead to physical destruction and possibly loss of life by severe weather and flooding, especially in the southern and eastern parts of the Baltic Sea. The response to such effects is likely to require states' military assets and manpower, and could require increased cooperation and sharing of resources. Furthermore, as responsible members of the international community, the more extreme global environmental trends predicted in GST 5 may require increased deployment of forces from the region in support of international relief efforts.

Anti-access area denial

46. FOE 35 indicates that a range of potential adversaries will deploy some degree of A2AD capability – ranging from cyber and information superiority to the more traditional elements of area denial (missiles, anti-air, anti-ship defences, mining and swarm attacks). States will seek to maintain, or increase, their influence over key strategic areas, especially where resources are present. This will be particularly relevant in exclusive economic zones and continental shelf exploitation claims. The greatest challenge in countering aggression in the BSR is likely to be the need to overcome an adversary's strategy that deters forces from acting in the first place, by excluding them from the operational theatre and/or by limiting freedom of manoeuvre. For advanced actors, offensive space- or ground-based anti-satellite systems will be able to disrupt essential space assets. Cyber capability will offer advantages – disrupting networks and systems, while countering offensive cyber operations. Less technical methods will include conventionally-armed terrorist attacks and proxy-warfare methods that open alternative fronts. Lethal and disruptive area denial threats will manifest at close range, attacking vulnerabilities in all environments. Initially, they will create physical resistance to theatre entry and then limit freedom of manoeuvre in theatre. Coordinated and networked use of technologies in a multi-layered approach will limit the ability to project power and sustain and protect fielded forces. Present and future A2AD capabilities are likely to include:

- hypersonic, ballistic, anti-air and anti-ship missiles;
- kinetic, loiter-capable remote and automated intelligent systems;
- target-specific mines, super-cavitating torpedoes and unmanned submarines;
- remote and automated systems that allow swarm tactics – perhaps at nano-scale;
- directed energy weapons, microwave weapons, electro-magnetic pulse effects;
- very long-range target identifying, man-portable air defence and anti-armour systems; and

- weapons of mass effect from nuclear, chemical and biological, to nano-technology.

FOE 35 also suggests that given relatively low Western Defence budgets, weapon proliferation and adversaries focused on achieving asymmetric effect, Western technology may be overtaken in some of these areas in the period to 2035.

47. **Anti-access area denial in the Baltic Sea region.** The BSR is well suited to employing A2AD capabilities given its constricted, connected, littoral nature; the Russian inventory already contains conventional A2AD threats. The deployment of *S-400* surface-to-air missiles and the potential to deploy *Iskander* short-range ballistic missiles and the Bastion coastal defence missile in strategic areas, indicates an intent to employ A2AD methods. It should be remembered that the effective range of these weapon systems reaches deep into the territories of a number of states in the region – this is not just about preventing theatre entry for NATO forces, it is about the ability of countries like Finland and the Baltic States to operate within, and over, their homelands. The new Russian ‘Maritime Doctrine-2015’ indicates a desire to develop and deploy advanced equipment to enable Russia to make up for lost ground (against rivals) and to become superior to them in certain areas. The doctrine also foresees introducing new and innovative technologies such as: artificial intelligence systems; unmanned aerial, surface and underwater vehicles; non-lethal weapon systems; and new weapon types such as directed-energy weapons.¹⁰⁰ Russian use of present and future A2AD capabilities will probably be designed to deter and stall NATO responses, as a pre-cursor of the observed modern Russian military concept of rapidly deploying forces and relocating capabilities from within Russia. With these A2AD capabilities in place, Russia could also be in a position to exploit any regional crisis, whether manufactured or not, declaring air and sea exclusion zones in the region, on the pretext of preventing military escalation.

Russia and the ambiguous approach

48. Vladimir Putin’s centralisation of power, coupled with his desire to expand Russian influence, has led Russia to adopt the strategy of ‘New Generation Warfare’.¹⁰¹ In support of this, Moscow has established the National Defence Management Centre of the Russian Federation – a strategic-level command headquarters which is intended to coordinate activity across a range of government departments and organisations to achieve Russia’s goals. This new approach was most visibly demonstrated during the Crimean crisis of 2014, by the absence of a clear picture at any stage of events and aims. Russian actions, however, during the Crimean crisis were not enacted through random chance or opportunism. Instead, ambiguity and obfuscation were deliberately created as part of an approach that has been described as the ambiguous approach. A previous DCDC paper, using academic research by MacDonald and Mumford,¹⁰² refined the definition of the ambiguous approach as:

‘a series of actions which is intended to be deliberately unclear in either its source, motivation, intent or threat posed, but which aims to destabilise, discredit or otherwise weaken an opponent’.¹⁰³

The basic tenets of such an approach have been well understood for many years. Indeed, Russian forces have often used such approaches. In 1939, the deliberate shelling of a Russian fort on the Finnish border post by the NKVD¹⁰⁴ was used to justify the invasion that started the ‘Winter War’ with

¹⁰⁰ Nikolai Novichkov, ‘Russias new maritime doctrine’, *IHS Jane’s Defence Weekly*, 13 August 2015.

¹⁰¹ Col. S G Chekinov and Lt. Gen. S A Bogdanov, ‘The Nature and Content of a New Generation War’, *Military Thought*, no.10. 2013, pages 12-23; Julian Cooper, ‘The National Defence Management Centre of the Russian Federation – A Research Note’, Centre for Russian, European and Eurasian Studies, 18 November 2014.

¹⁰² Andrew Mumford and Jack MacDonald, *Ambiguous Warfare*, October 2014. Unpublished report produced for DCDC in support of *Subversion and Ambiguous Warfare*, October 2014.

¹⁰³ DCDC paper, *Subversion and Ambiguous Warfare*.

¹⁰⁴ The NKVD, the People’s Commissariat for Internal Affairs, was the secret police force of the USSR.

Finland.¹⁰⁵ Also, deliberate obfuscation in June 1999, kept Russian intent unclear until the confrontation with NATO at Priština Airport. However, as was first demonstrated in Georgia in 2008,¹⁰⁶ the conjunction of several separate developments in the first part of the 21st Century has changed international relations in a way that has magnified the power of the ambiguous approach while significantly weakening a government's defences against it.

- a. **Cyberspace.** The rapid growth in the influence of the cyberspace domain and its penetration of almost every aspect of modern life offers a wide range of opportunities to an aggressor. Its deniability, range and effect make it a most potent weapon, with its capabilities increasing daily thanks to the burgeoning levels of interconnectivity developing across the globe.¹⁰⁷ Its range, anonymity and versatility make it an ideal tool for undermining any system or organisation that relies upon modern information systems.¹⁰⁸
- b. **International law.** Countries that consider observing international norms as key to justifying the use of armed force (such as those in the EU and NATO) are vulnerable to an ambiguous approach that undermines such legitimacy, especially by adversaries that do not feel themselves so bound. Maintaining ambiguity and confusion prevents a clear picture of the situation from being established. It also makes consensus in agreeing, for example, the legitimacy of self-defence action, or an Article 5 response, very difficult.
- c. **The diplomatic consensus.** Despite its many tribulations, the forum provided by the UN is still seen as a potent and useful mechanism where international disputes can be discussed – if not always resolved. The continuing influence of the UN – in particular the UN Security Council – has reinforced the value of ambiguity. Such an approach initially allows the aggressor to maintain credible deniability and, when finally faced with irrefutable proof of their role to switch to a strong strategic narrative, justifying their actions in a twisted form of public diplomacy.¹⁰⁹ A growing sophisticated global audience, allied to the increasingly legalistic approach adopted by many of the actors, places a great premium on the availability of proof of an aggressor's actions.

49. **An ambiguous approach in the future Baltic Sea region operating environment.** The overlapping security partnerships and differing national interests within the BSR enable a potential adversary to exploit the differences, and attack the seams between nations and institutions to sow confusion, spread ambiguity and derail the collective decision-making process. The only true counter to an opponent that seeks to use an ambiguous approach is an international and cross-government response to deter aggression, underpinned by comprehensive **understanding** to provide a system of clear indicators and warnings to minimise ambiguity. Global trends and analysis suggest that Russia will remain the enduring threat to security in the BSR. Although NATO is superior in conventional weaponry, many of these forces are at low readiness or stationed far from the region. If Russia is to be effective in a future military incursion, it will need to act rapidly to establish its aims – seizing territory and consolidating before NATO and the West can react. Although cooperation initiatives and increased defence spending will go some way to counter this threat, Western nations should understand the role of armed forces along with all the instruments of national power in **detering** Russia and be prepared to adopt robust measures early as part of diplomatic messaging. It should be noted however, that signaling must be clear. An exercise to demonstrate resolve may be seen as provocative and have the opposite effect to that desired, destabilising the situation. If deterrence fails, strategies to 'buy time', slow down Russian gains, and to facilitate the early reinforcement of the region will be invaluable. The **agility** of standing and high readiness forces and the ability to rapidly

¹⁰⁵ Gerhard Weinberg *A World at Arms: A Global History of World War II*. Cambridge: CUP, 2005, pages 99-105.

¹⁰⁶ For a comprehensive analysis of this conflict see Ronald Asmus, *A Little War that Shook the World: Georgia, Russia and the Future of the West*. (New York: Palgrave Macmillan), 2010.

¹⁰⁷ *Op.Cit.*, FOE 35.

¹⁰⁸ DCDC, *Cyber Primer*, December 2013.

¹⁰⁹ *NATO and New Ways of Warfare: Defeating Hybrid Threats*, Professor Julian Lindley-French, April 2015.

reconstitute capability will also be vital. The Nordic region countries have a long history of adopting 'Total Defence Concepts' – involving the entire nation in defending the homeland. This includes: extensively using paramilitary and resistance operations; resilient infrastructure (including highway airstrips¹¹⁰ and the prepositioning of Allied equipment in cave complexes¹¹¹); and mobilising society via conscription and reserve service.¹¹² After a short hiatus after the cold war, it may be time to revitalise these measures.

Key deductions

50. The BSR will be subject to a number of security challenges in the future. Whilst the global trends forecast in GST 5 will have varying impact on the region, Russia's behaviour will remain the pivotal factor in regional security. Based on analysis, our key deductions for BSR security are listed below.

- a. The BSR will remain of strategic importance. The Baltic Sea is one of the busiest shipping areas in the world; the volume of maritime transportation navigating it has doubled in the last 20 years. Energy shipments from Russia are particularly important and the entrance to the Sea, through the Danish Straits, is one of the world's eight strategic oil transit chokepoints. The Nord Stream gas undersea pipelines from Russia to Germany are also an important strategic element in the BSR.
- b. Investing in renewable energy and other environmental protection measures may lessen the effects of climate change. However, climate change is likely to have a significant security dimension.
- c. Cooperating and investing in innovation will enable countries in the region to achieve a technological edge against greater Russian defence spending. A mastery of the information environment and cyber-warfare will be paramount.
- d. Energy dependencies within the BSR vary, with nations having different energy strategies, and most importantly, varying degrees of dependence on Russia. Measures to reduce relying on Russian energy are strategically sound, although it should be remembered that the Russian economy is dependent on the energy market. Significant reductions in demand may, therefore, have a major effect on the Russian economy, and potentially, have a destabilising effect on regional security.
- e. Migration is likely to remain a major security challenge into the foreseeable future. Trends are complex, ranging from the large influx of migrants from the Middle East into Sweden and Finland, for instance, to the net outflow of working-age citizens from the Baltic States and Poland.
- f. NATO is likely to remain the key Western security institution in the BSR, although European nations may be required to take more responsibility for regional defence as US priorities shift elsewhere. Regional defence cooperation will be essential; the Northern Group, for instance, will increase in importance.
- g. There is a marked disparity between Russia and the other countries in the BSR in regard to corruption. Measures to reduce the effect of this Russian corruption on the economies of the region remain vital.

¹¹⁰ Still used extensively in Finland.

¹¹¹ The extensive cave complex near Trondheim in Norway contains sufficient vehicles and equipment for an entire USMC MEF.

¹¹² Lithuania has reintroduced conscription; has a law that obliges all citizens to use their own initiative in defence of the homeland; there is discussion of how to re-introduce martial training in schools.

- h. Whilst the significant Russian ethnic diasporas in Estonia and Latvia are a potential source of unrest, especially given Russia's stated policy of 'protecting compatriots everywhere', economic realities appear to be reducing this likelihood. However, new ways of including the Russian speaking minorities in these societies would aid integration and lessen future friction.
- i. Much of the activity within the BSR will take place in individual nations' exclusive economic zones. The littoral, multinational, and cross-agency nature of the operating environment means that operational success in the BSR will not only require a high degree of coordination between maritime commanders and their land and air counterparts, but also international and cross-government cooperation.
- j. The BSR is well suited to the effective employment of A2AD capabilities given its constricted, connected, littoral nature; the Russian inventory already contains conventional A2AD threats. Deploying *S-400* surface-to-air missiles and the potential to deploy *Iskander* short-range ballistic missiles and the Bastion coastal defence missile in strategic areas, indicates an intent to use A2AD methods.
- k. It will be essential to maintain defence spending to deploy modern, agile and capable forces, although pooling and sharing arrangements may be vital to maximise capability. Close coordination and liaison between governments, agencies and armed forces will be key.
- l. There is a significant disparity between Russia's prospects in the medium- to long-term and its view of itself as a 'great power'.
- m. Ambiguous approaches to warfare could undermine cohesion and seek to slow decision-making. Vladimir Putin's centralisation of power, coupled with his desire to expand Russian influence, has led Russia to adopt the strategy of 'New Generation Warfare'. In support of this, Moscow has established the National Defence Management Centre of the Russian Federation – a strategic-level command headquarters which is intended to coordinate activity across a range of government departments and organisations to achieve Russia's goals. Countering ambiguous warfare will require indicators and warnings and a high degree of understanding of the region and one's adversary.
- n. The importance of territorial defence remains paramount.

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Governance and Corruption – Dr Igor Sutyagin, RUSI

Economy and Finance – Sarah Lane, RUSI

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Enclosure 1 to Future Security Challenges in the Baltic Sea region

Migration trend analysis by country

Poland: Net migration rate: -0.47 migrant(s)/1,000 population¹¹³

Poland has historically experienced net outflows of people – émigrés commonly settling in the Americas or temporarily moving to Germany and other nearby states. Today, notwithstanding the country's rapid economic growth, narrowing wage gap compared to other EU states and a stable unemployment rate, there remains a push factor for migration for the young who continue to suffer a high level of joblessness. Although there is a net outflow, the foreign-born population of Poland is growing, but usually on a temporary (or circular) basis. Most non-EU immigrants come from Ukraine, Belarus, Russia, Moldova and Armenia. Ukrainians consistently receive the greatest number of temporary residence permits, as well as settlement permits. The second largest group comes from Russia.¹¹⁴ Émigrés from China and Vietnam make another large grouping.

Estonia: Net migration rate: -3.37 migrant(s)/1,000 population

Estonia's working-age population is declining because of a low birth rate, an ageing population and a negative net migration rate. As 8.5% of working-age population was projected to leave the country after joining EU in 2004, the effect of migration on the domestic labour force is of crucial interest for the government.¹¹⁵ Emigration from Estonia was mostly caused by the wage differences between Estonia and Western European states and the freedom of movement that resulted from Estonian accession to the EU. The initial migrants were highly qualified, but were followed by less-skilled workers with the successive opening of the labour markets of the United Kingdom, Ireland, Sweden and Finland. According to Statistics Estonia, 4637 people emigrated from Estonia and 3904 people immigrated to Estonia in 2014. The volume of emigration was 30% smaller than in the previous three years.¹¹⁶ Migration is most active between Estonia and Finland. In 2014, 3051 emigrated from Estonia to Finland and 1290 immigrated to Estonia from Finland. Net migration was half that of 2013.

Latvia : Net migration rate: -2.37 migrant(s)/1,000 population

Latvia's population fell by 25% between 1990 and 2014. If emigration from Latvia remains at the current level and demographic dynamics stay the same, the population could decline by a total of 45% within 30 years (1990-2020); from about 2.8 million people in 1990 to 1.6 million in 2030. More than half of Latvians live in the capital Riga and surrounding region. The country is rapidly becoming the European country with the lowest population density. Further signs of Latvia's demographic plight is the drop in the proportion of those of working age. Currently, the figure is 63%, it is forecast to decline by 1.5% annually. In many regions children under 15 and adults over 62 constitute half, or more, of the population. Because of the high unemployment rate, these regions are tied to financial support from Riga and the government. Over the past decade, about 220,000 Latvians emigrated to other countries; more than 10% of Latvians live abroad.¹¹⁷ Though the pace of emigration has been slowing, the number nevertheless continues to increase; significantly, the proportion of leavers who are young is rising. The main destinations for Latvian emigrants are the UK, Russia and Ireland. These demographic issues are likely to have a significant impact on the Latvian economy, making growth impossible. There has been a modest amount of immigration to Latvia. Most foreign

¹¹³ This and all other net migration figures are for estimated for 2014 and sourced from © 2015 IndexMundi.

¹¹⁴ Of note, very year, 90% of asylum applications to Poland come from Russians of Chechen ethnicity.

¹¹⁵ The population of Estonia was estimated to be 1.35 million on 1 January 2015; a 0.3% decline on the previous year. International Migration Outlook 2015, OECD, 22 September 2015, page 200.

¹¹⁶ The OECD International Migration Outlook 2014.

¹¹⁷ Research undertaken by The Institute of Philosophy and Sociology of the University of Latvia, suggests 4% of Latvians residing abroad are planning to return within six months, 12% in a period of five years, 14% would come back after retirement. 40% said they could come back if the circumstances were right.

immigrants are from former Soviet republics such as Belarus and Ukraine. There has also been a flow of irregular migrants attempting to transit to Nordic countries or Western Europe.

Lithuania: Net migration rate: -0.73 migrant(s)/1,000 population

Since independence in 1990, around 825,000 people, or almost one third of the population, have left Lithuania. As with Latvia, the country faces great challenges due to high emigration, ageing population, and labour and skills shortages. In 2014, the emigration rate slightly decreased while the immigration rate increased. However, the net effect remained 1.5 times more people left than arrived: (36,600 emigrants and 24,300 immigrants). Returning Lithuanian residents accounted for 80% of the latter. It is expected that with the revival of the economy the inflows of returning emigrants as well as foreigners will continue to increase. That said, Lithuania has lost significant numbers of its working age population to emigration; 72% of emigrants are between 15 and 44 years old. To compare, less than half (39%) of Lithuania's residents belong to this age group. Should this trend continue, the development of the country could be undermined. Well established social networks account for Latvians choosing to move to the UK (124,000), Ireland (40,000) and Norway (24,000).

The immigration of foreigners to Lithuania remains low. In 2014, 4,800 foreign nationals immigrated to Lithuania – 700 from the EU. In 2014, immigration increased also due to the increased labour demand: the number of issued work permits for third country nationals increased. Most foreigners come from the Russian Federation, Ukraine and Belarus.

Sweden: Net migration rate: +5.46 migrant(s)/1,000 population

The Swedish population grew by more than 100,000 in 2014. This was the result of record immigration, 10% higher than 2013, reaching 127,000, and more births than deaths; but more than 50,000 people chose to leave the country. Refugees from active war zones continue to migrate to Sweden. In 2014 there were over 80,000 asylum seekers, with the three largest groups being Syrians, Eritreans and people of no state. Foreign-born residents numbered 1.6 million in December 2014 and comprised 17% of the Swedish population. More than half of the foreign-born came from Europe and almost a third from Asia. The biggest foreign-born groups come from Finland, Iraq and Poland; however, Syrians were the most numerous arrivals in 2014. Sweden recently topped the list of OECD countries for asylum seekers per capita, but this is not new. The country has a long history of generous immigration policies; for many aspirant asylum seekers (and migrants) it offers the opportunity to be close to already settled family, work opportunities and studies.

A consequence of this is that every sixth person of the current Swedish population was born in another country. As elsewhere in Europe, such a demographic has led to tension, debate over integration and fairness, and a rise in popularity of the anti-immigration party, the Sweden Democrats (SD). In August 2015, there was violence in the shape of grenade attacks in migrant areas of Malmö;¹¹⁸ in 2013, Stockholm saw six nights of race riots, which the SD blamed on 'irresponsible' immigration policies. There is the legitimate concern that lack of integration '...makes the adjustment to the country slower. It creates [isolated] cultures that sometimes come into conflict with Swedish society.'¹¹⁹ Immigrants in Sweden are now more than twice as likely to be unemployed as their native counterparts. That notwithstanding, Sweden stands out as being the only country where a large majority of the population (66%) takes a positive view of the immigration of people from outside the EU.¹²⁰

¹¹⁸ <http://uk.reuters.com/article/2015/08/09/uk-sweden-grenades-idUKKCN0QE09F20150809>

¹¹⁹ <http://www.ft.com/cms/s/0/a8573532-65bf-11e5-97e9-7f0bf5e7177b.html#slide0>

¹²⁰ http://ec.europa.eu/public_opinion/archives/eb/eb83/eb83_first_en.pdf

Finland: Net migration rate: +0.62 migrant(s)/1,000 population

Finland is the third most sparsely populated country in Europe after Iceland and Norway. Its population is concentrated on the small south-western coastal plain. This, in part, is a consequence of the 'Great Migration' of the late 1950s to the first half of 1970s where there was a large population shift from rural areas, especially those of eastern and north-eastern Finland, to the urban, industrialized south. This internal migration left behind rural areas of abandoned farms with reduced and aging populations, and it allowed the creation of a densely populated post-industrial society in the country's south. About 85% of Finnish residents live in towns and cities, with one million living in the Helsinki metropolitan area alone.

A great number of Finns emigrated to Sweden after World War II, drawn by that country's prosperity and proximity. During the 1960s and the second half of the 1970s, tens of thousands left each year for their western neighbour. Peak emigration was in 1970, when 41,000 Finns settled in Sweden, which caused Finland's population to actually fall; an estimated 250,000 to 300,000 Finns became permanent residents of Sweden in the post-war period. By the 1980s, a strong Finnish economy had brought an end to this large-scale migration. In fact, the overall population flow was reversed as each year several thousand more Finns returned from Sweden than left for it.¹²¹ In 2013, there were 299,000 foreign born people residing in Finland, which corresponded to 5.5% of the population. Numerous polls in 2010 indicated that the majority of the Finnish people wanted to limit immigration to the country to preserve regional cultural identity.

However, the number of people migrating to Finland in 2014 (32,000) was 2% higher than in the previous year and the highest ever. The immigrants mostly came from the Russian Federation, Iraq, China, Estonia and Somalia. This year, as many as 500 migrants, after travelling the length of Sweden, cross into Finland each day at Tornio, near the Arctic Circle. Notwithstanding that many Finns do not believe they have the resources to cope with this influx, there are concerns over dilution of Finnish culture and of being a minority in their own country. As has been the case elsewhere, tensions have risen – asylum seekers have been attacked.¹²² Sweden has been the subject of Finnish criticism for having such open borders and for allowing migrants to pass through its territory to Finland.¹²³ Anti-immigration sentiment, and opposition to Eurozone bailouts, has allowed the right wing, populist Finns Party to be part of Finland's governing coalition.

Denmark: Net migration rate: +2.25 migrants/1,000 population

Of Denmark's total population, 10.4% (580,460) were immigrants and their descendants in January 2012. Approximately two-thirds of Denmark's immigrant population originate from non-western countries: generally, they can be divided into five large groups of Turkish, Polish, Iraqi, Bosnia-Herzegovinian and Iranian origin. Between 2013 and 2014 the migration inflow to Denmark increased by 11%, to 87,000 of which 21,000 were returning Danish people. The largest group were Syrians. This has led to the success in June of the anti-immigration Danish People's Party which is demanding a crackdown on the country's borders and a hardening of policies towards asylum seekers.

¹²¹ Text from PD source: US Library of Congress: *A Country Study: Finland*, Library of Congress Call Number DL1012 .A74 1990.

¹²² <http://uk.reuters.com/article/2015/09/25/uk-europe-migrants-finland-idUKKCNORP0T420150925>.

¹²³ <http://www.thelocal.se/20150923/finland-attacks-swedens-open-refugee-policy>

Norway: Net migration rate: +7.96 migrants/1,000 population

2014 saw 70000 migrants register in Norway.¹²⁴ 61,400 of them were foreign citizens of whom two thirds were European; almost 19,000, attracted by work prospects, were Polish, Lithuanian and Swedish. Refugees comprised some of the inflow into Norway including citizens of Eritrea, Somalia and Afghanistan. Significantly, 26,100 Syrians came to the country in 2014. Norway's Progress Party which stands on an anti-immigration platform, and is the junior partner in the coalition government, suffered its worst election results in 22 years in September after it campaigned for tough limits on Syrian refugee numbers. Notably, refugees are now arriving in Norway from Russia, crossing the border on bicycles – since it is not permitted to do so on foot.¹²⁵ Comments from authorities in the Norwegian receiving town of Storskog, suggest they are struggling to cope.

Germany: Net migration rate: +1.06 migrant(s)/1,000 population

More and more people are coming to Germany, which according to the OECD, is the world's second most popular destination country among migrants. 2013 saw the largest number of immigrants and the highest positive migration balance since 1993. Immigration increased by 13% on a year-on-year basis in 2013, whilst the number of people emigrating rose by 12%: 429,000 more people immigrated to Germany than emigrated. The majority, 58%, of the inflow to Germany are European. In 2013, the main countries of origin were Romania (98,000), Poland (96,000) and Bulgaria (38,000). Furthermore, immigration from the Southern European EU States, Spain and Italy, has increased markedly. Similarly, immigration from Africa increased by 51% and from Asia by 37%. The civil war in Syria has led to an increase of 242% in the number of Syrian immigrants to Germany. Notably, on 4 September 2015, Ms Merkel suspended European asylum rules, allowing thousands of refugees stranded in Europe to enter Germany via Austria. The outcome of this decision for Germany is the arrival of 200,000 migrants in September alone; 800,000 are expected to enter this year. The influx has overwhelmed local authorities struggling with housing and triggered widespread worry about strains on the national health and education systems.¹²⁶ Processing centres have exceeded capacity and local authorities are struggling to find housing, since temporary tent cities will not suffice in winter. Schools are struggling to integrate refugee children who speak no German. Fights have broken out inside overcrowded asylum centres, often between young men of different ethnic or religious groups. There have been more arson attacks on migrant centres. In Dresden, a xenophobic movement called Pegida is growing again.¹²⁷

Russia: Net migration rate: +1.69 migrant(s)/1,000 population

The Russian Federation is surprisingly (given its rate of emigration – see below) the world's second-largest immigration nation – principally because large flows of immigrants from the former Soviet Union have been entering Russia for the last twenty years. Most immigrants have come from Armenia, Kyrgyzstan, Ukraine, Moldova, Tajikistan and Uzbekistan. This has resulted in ethnic tension. Every year, 300,000 immigrants arrive in Russia, of which almost half are ethnic Russians. In the 1990s, immigration was the main reason Russia didn't suffer substantial population decline. It reached a peak of 1.2 million in 1994, mostly ethnic Russians from ex-Soviet states fleeing for social, economic or political reasons such as the civil war in Tajikistan from 1992 to 1997. In 2014, immigration rose to 2.2 million, 89% of which were fleeing the conflict in neighbouring Ukraine. So far in 2015, immigration has reached 3 million from the same source. Going in the other direction hundreds of thousands of people have left Russia over the last two years, citing a variety of political,

¹²⁴ <http://www.ssb.no/en/forside.jsessionid=8D2AC7F7671CD4B468475A0CB511C6A4.kpld-as-prod11?hide-from-left-menu=true&language-code=en&menu-root-alternative-language=true>.

¹²⁵ <http://www.euronews.com/2015/10/07/taking-the-arctic-route-migrants-cycle-from-russia-to-norway/>.

¹²⁶ <http://www.ft.com/cms/s/0/824aa258-734c-11e5-a129-3fcc4f641d98.html#axzz3orr3qOHq>

¹²⁷ <http://www.economist.com/news/europe/21672296-after-historic-embrace-refugees-german-public-opinion-turning-merkel-her-limit>

economic, and personal reasons. According to Russian government statistics, 203,000 people left the country permanently in the first eight months of 2014. That was up from 186,000 in 2013, and experts predict the figure for 2014 will break Russia's one-year brain-drain record of 215,000 set in 1999. The main destination for the flow of Russian emigrants is the United States, but at the same time, people look for conditions that suit their needs. A Russian émigré¹²⁸ noted, 'People want a country with guarantees in the spheres of education and medical care, a culturally close and relatively safe country with different opportunities for themselves and their children.' Interestingly, he observed from the commercial aspect, 'Small business owners choose inexpensive countries that already have Russian-speaking communities where they could easily start their own business. Those who look for a payroll job opt for richer countries. Most people consider it important to keep their ties with Russia even after leaving.'

¹²⁸ Sergei Kuznetsov, an emigrant consultant and founder of the project 'Chemodan, Vokzal, Kuda?'.

