

**A report commissioned by the Prime Minister's Office and published on 11<sup>th</sup> October comprehensively examines the impact of Russian aggression on international cooperation in the Arctic region and on the implementation of Finland's Arctic policy strategy, especially from the perspective of sustainable development goals. Gaia Consulting Oy and the Finnish Institute of International Affairs have also been involved in the study led by the Arctic Centre at the University of Lapland.**

**The whole report (85 pages) is available only in Finnish. In here, report's key findings and conclusions are available in English.**

## Key findings

The purpose of the report commissioned by the Prime Minister's Office in the spring of 2022 is to outline the possible effects of Russian aggression on international cooperation in the Arctic region and on the implementation of Finland's Arctic policy strategy, especially from the perspective of the sustainable development goals.

The report is based on the developments triggered by the Russian invasion in February 2022 during the first six months until mid-September

During the next six months, things may change again in many ways, but one thing is certain, there will be no return to the pre-war reality. The spectrum of different predictions and scenarios about how the war of aggression against Ukraine with all its consequences will affect Russia's future as a state or how it will affect Arctic and Northern cooperation is confusingly broad. However, it is possible to highlight trends that seem likely at the time of drafting the report and can thus help guide the future direction of Finland's Arctic policy.

Despite the war, the Arctic region is not disappearing, nor is Finland's status as an Arctic country. In all circumstances, the Arctic remains a crucial topic for Finland, and transboundary developments such as climate change and geopolitics are always present in the region.

The state of Arctic cooperation can be summarised as the fact that, although Arctic political cooperation is in a temporary state of suspension, the Arctic states continue to cooperate through legal agreements. The Arctic Council, established by a political declaration, has re-launched activities in which Russia is not involved. In the cooperation of the Arctic Council, seven member countries have until now explicitly emphasised that the Arctic Council should be maintained in its current form; at the Barents Euro-Arctic Council, Russia-related activities are suspended. The time for conclusions about the future of the forums has not yet arrived, but it is approaching. Russia participates in Arctic activities based on legal agreements, such as the Central Arctic Ocean Fisheries Agreement, as well as in global processes related to the Arctic, such as the Climate Agreement. The nature of these structures has also changed since the beginning of the war.

From a geopolitical point of view, the situation in the Arctic has changed dramatically, although the region is still in a state of peace. Even before the war of aggression, relations between Russia and the West had deteriorated for several reasons related to Russia's actions, including Crimea and Eastern Ukraine in 2014, the events in Syria and the internal developments in Belarus. The deterioration was also reflected in increased military activities, exercises, and tensions in the Arctic

region, especially in the Barents Sea and the Norwegian Sea. Arctic geopolitics will change further with the war in Ukraine as Finland and Sweden enter NATO. After that, the entire Arctic region will be divided between NATO and Russia, and Finland will be the easternmost member of the western alliance in the northern region. If the current power regime in Russia maintains its position, it seems likely that hard security tensions in the Arctic will become more complicated.

As a member of NATO, Finland has better opportunities to participate in and influence Euro-Atlantic cooperation to strengthen the security of Northern Europe. The increasing military capability will most likely create new regional tensions in the short term. In the longer term, however, achieving a stronger military balance in the Nordic region is likely to raise the threshold for aggression and stabilise the regional security environment. However, this stability is based on military force, and the space for cooperative security between the West and Russia and diplomacy will be reduced. Maintaining stability requires the development of a credible military deterrent and the ability of the West and Russia to exercise mutual escalation control. As a member of NATO, Finland would contribute to the guidelines of the alliance's policy towards Russia and the development of NATO's relations with Russia and the Arctic dimension.

Climate change in the Arctic is progressing vigorously, and the significance of climate change for the Arctic cannot be overestimated. Climate change itself is linked to the conditions for a green transition in the Arctic. Russia's invasion of Ukraine has triggered a complex cause-and-effect chain, which affects actions related to climate change and the green transition.

The paralysis of international cooperation and research in the Arctic region is particularly problematic. Many measures related to the sustainability of the Arctic require extensive international and regional cooperation, as nature and the environment do not change in line with national borders. Before the Russian war of aggression, efforts were made to extensively influence the climate and environmental work in the Arctic region in a wide range of structures, especially in the Arctic Council and elsewhere. In addition, the suspension of research cooperation with Russia creates gaps in the knowledge base regarding Arctic climate change.

The effects of Russian aggression on the green and fair transition in the Arctic are extraordinarily complex. In the short term, the impacts are mainly negative, related to, for example, the rapid pressures brought by the need for self-sufficiency and the supply of raw materials to reverse climate decisions, for instance, concerning peat harvesting. In the longer term, the energy crisis may also affect the development of more sustainable production and consumption and the acceleration of low-emission solutions both in the Arctic countries and globally.

The EU is an essential tool for Finland's Arctic objectives. The EU has programmes, networks and funding for cross-border cooperation and activities in many fields. Most of these activities and policy areas support or affect Finland's Arctic objectives. The economic and political consequences of the war in Ukraine affect the Union's Arctic policy objectives, notably the transition towards renewable energy and ensuring the safe supply of critical minerals. The increasing pressure to implement these objectives is felt in the Arctic regions of Europe, which in turn leads to growing tensions between different forms of land use.

Clearly, the Arctic Council is the most important of all Arctic cooperation forums for Finland because it is the only Arctic intergovernmental forum in which Finland is a member. In addition, Finland started Arctic cooperation with its environmental initiative at the turn of the 1980s and 1990s. Through the Council, Finland can promote many important objectives for sustainable development and environmental protection in the Arctic.

The importance of the Arctic Council for Finland is underlined by the fact that the EU is neither a member of the Council nor even a formal observer but acts as a de facto observer. There are only eight Arctic countries, and in this forum, Finland has the opportunity to play a significant role and have a strong profile in many important issues, such as environmental and climate protection, sustainable development, and emergency preparedness.

As a member of the Arctic Council, Finland has been able to influence the achievement of the objectives of extensive cooperation covering the entire Arctic region. In many respects, the goals of Finland's Arctic policy strategy have also focused on continuing cooperation in the Arctic Council. Maintaining the Arctic Council as a key international intergovernmental forum is essential for Finland and many other actors.

Currently, the seven western Arctic member states have temporarily suspended their activities in the Arctic Council, which Russia chairs. However, these countries have expressed their will to preserve the Arctic Council and sought ways to make this happen through rules of procedure. Norway is preparing to accept the chairmanship of the Arctic Council in spring 2023.

Finland constantly exerts its influence, usually as part of the European Union, but also in global and regional international organisations or agreements. These organisations and agreements continue to work, and Russia still operates in them. Much of the Arctic cooperation is based on legal agreements in which Russia continues to be a member based on the rules of international law.

In European regional Arctic cooperation, there are no longer any activities with Russia, even though the related structures have not been dismantled. Continuing cooperation in the Barents Euro-Arctic region would require a scenario in which trust will be restored and multidisciplinary collaboration is genuinely possible. Such a situation is not in sight. At the same time, the practical cooperation needs of the northern regions of Finland, Sweden and Norway are growing strongly, which puts pressure on strengthening regional Nordic cooperation mechanisms in the north. The continuation of the Northern Dimension would also require the normalisation of EU-Russia relations in a way that is currently not in sight.

Russia's attack on Ukraine has profoundly impacted the cooperation between the EU and Russia. Russian partners have been removed from projects, all cross-border programmes such as Kolarctic have been suspended, and the resources allocated to them have been transferred to other programmes. All this makes it unlikely that Russia-related programmes will resume in the next few years.

In science and research, the impact is also significant. Russian institutes can no longer participate in EU research programmes; in other networks, virtually all academic cooperation with Russia has stopped. As the situation continues, there will be gaps in Arctic research that cannot be patched, as Russia is about half of the entire Arctic region.

From the point of view of Arctic indigenous peoples, the breakdown of circumpolar cooperation is overly complicated. Indigenous peoples' organisations are permanent participants of the Arctic Council, which has guaranteed them a strong position in Arctic decision-making. There is now a major chasm in the activities of indigenous peoples because the leadership of the Russian Arctic Indigenous Peoples organisation supports the war, and, in addition, there are Sami, Inuit and Aleut involved in the Arctic Council also living in Russian territory.

In terms of Finland's Arctic policy strategy and its sustainable development goals, the impacts of the war are significant. Although the description of the operating environment and security policy in the

strategy introduced in 2021 also highlighted the intensification of military tensions, it did not foresee a situation like the one that has happened. The descriptions of Finland's Arctic policy strategy about the international operating environment and the structures of Arctic cooperation are largely no longer relevant.

The strategy includes objectives related to Finland's internal Arctic activities, for which the Russian aggression war has no impact, or the effects come from such complex causes and consequences that they cannot be clearly analysed in the framework of the report. Internationalism is a built-in feature of most areas of Arctic activities. Although internationalisation has often been linked to the Nordic countries or the EU level, this has often been accompanied by a broader cross-border Arctic cooperation dimension towards Russia.

The effects of the Russian aggression war on Finland's Arctic activities and sustainable development goals are, therefore, wide-ranging, and almost exclusively negative. In the longer term, the green transition may accelerate, but many areas have directly or indirectly identifiable problems. However, the situation is likely to lead to redirecting activities and objectives. The most significant direct impacts on Finland's Arctic policy strategy are related to priority area 1, Climate change mitigation and adaptation, and priority 3, Arctic livelihoods. Priority area 2, which focuses on the inhabitants of the Arctic region, consists mainly of measures for which the war of aggression has no direct impact. Concerning the priority area of infrastructure and logistics, the war also directly impacts some actions, but the impact chains are mostly long.

The report's conclusions list the opportunities for Finland's future Arctic activities found in the study. In practice, Finland has to adapt its operations to the reality of the new Cold War, where the international Arctic structures are incomplete. However, regardless of the geopolitical situation, climate change and adaptation, sustainable development, and the status of indigenous peoples remain vital themes in the Arctic. They are still needed as priorities for Finland's Arctic activities.

## Conclusions and Finland's opportunities for Arctic activities in the future

This report was drafted upon request by the Prime Minister's Office in the spring of 2022. According to the request, "it is important to understand the potential impact of the Russian aggression on international cooperation in the Arctic region and on the other hand, for example, on the achievement of the sustainable development goals. The report should present the positions of international and national Arctic policies in this new context."

The report's conclusions are related to the positioning of Arctic policy in the new context. Based on the report, the team of researchers highlights viewpoints that Finland should consider when outlining the following international and national Arctic activities. The conclusions do not represent a consensus decided jointly by the research team; instead, they are precisely ideas that have come up or followed the study's findings. Future paths have different possible consequences, and it is also necessary to consider this in the report's conclusions. The conclusions suggesting measures are compiled in a list.

## Finland's general Arctic policy

- For the time being, Finland must adapt its activities to the reality of the new Cold War, where the international Arctic structures are incomplete. The time for a new comprehensive Arctic policy strategy will come when the situation seems to stabilise in some position. Finland can still be an active Arctic player. Finland's Arctic profile can be maintained by, among other things, keeping Arctic matters alive on a political level and strengthening Arctic-related activities.
- Regardless of the geopolitical situation, environmental and climate issues, sustainable development, and the status of indigenous peoples will remain key themes in the Arctic region. They are still needed as priorities for Finland's Arctic activities. Due to the Arctic region's particularities, there are other distinctive and persistent themes, such as science and research and emergency preparedness.
- With the geopolitical situation, the green transition will become increasingly important at the national level, not only for climate and energy policy but also in terms of security policy and the security of supply. The objectives of the green transition should also be clearly reflected in Finland's Arctic policy.
- In view of the policies for the Government term, Finland can outline matters in its own hands. This relates, in particular, to sustainable development in the Arctic region within Finland and those Arctic issues and structures not directly linked to the situation in Russia. Among the cooperation forums, Finland can invest in Nordic, pan-European and trans-Atlantic cooperation and strengthen the collaboration of indigenous peoples. Regarding Arctic strategy measures, Finland still holds the keys to most of the strategy's implementation. The strategy includes many measures influenced mainly by domestic policy decisions or decisions on dealing with the change in the operating environment caused by Russia's war of aggression.
- The need for research-based Arctic information will be further emphasised as Russia's Arctic role has changed, which requires investment in research and monitoring of Arctic nature and other issues related to the Arctic. The scientific community must also take the initiative to influence national and scientific policies and research funding.
- Finland's accession to NATO will cause a substantial increase in the need for research also concerning the security of the Arctic region.

## International level

- As before, Finland must continue to uphold the multilateral international system and participate in processes central to the Arctic and its future. Most of these processes have restarted after the pause caused by the Covid-19 pandemic, and Russia participates in them. In general, Finland participates in international negotiations as part of the EU, so Finland's influence mainly takes place in the EU through the establishment of joint positions.
- In particular, it is crucial to secure international climate work and agreements and cooperation related to the green transition, regardless of future developments.
- Supporting indigenous peoples in Arctic affairs will continue to be important nationally and internationally. Finland can support the capacity of indigenous organisations to participate in

international processes relevant to the Arctic, especially in a situation where Arctic cooperation would not be restored.

- In the EU, Finland must ensure that the weight of Arctic issues increases on the EU agenda. EU programmes can channel support to border regions affected by the collapse of cooperation between Russia and the EU.

### Arctic regional level

- Finland must, for its part, strive for the Arctic Council to continue its activities. In the Arctic context, the Arctic Council is the only international forum where Finland can broadly pursue its own Arctic agenda in many different areas of activity and where Arctic indigenous organisations such as the Sámi Council play a central role. If the Arctic Council were to cease to function, it would be necessary for Finland to promote Arctic cooperation between seven Arctic countries and to maintain as many activities as possible from the current Arctic Council, such as the permanent participation of indigenous peoples.
- Even if the Arctic Council were to end in its current form, it is in Finland's interest to promote solutions that bind Russia to Arctic cooperation when the international situation and the internal development of Russia allow.
- The relevance of maintaining the structures of Barents cooperation without Russia must be decided at the political level, preferably between the Nordic countries (Finland, Sweden, Norway) and listening to the voice of the regions.
- For the growing cooperation needs of the northernmost regions of Finland, Sweden and Norway, an operating model must be developed at the Nordic level.
- The relevance of the Northern Dimension policy without Russia and Belarus requires an EU-level orientation in which Finland can be active.
- The activities of the Nordic Council of Ministers in the Arctic region should be strengthened, particularly if the work of the Arctic Council deteriorates.
- As a likely member of NATO, it is to Finland's advantage to develop an Arctic strategy for NATO.

### Sustainable development in the Arctic

- The continuity of Arctic environmental and climate work must be ensured regardless of the functioning of international fora. If necessary, Finland must consider alternative ways to promote the climate resilience of the Arctic region.
- The need for the green transition has become a more acute issue for Finland and the whole of Europe, as the withdrawal from Russian fossil in favour of renewable energy came about with an accelerated schedule. As a result of the war, energy and climate policy have also converged with foreign and security policies.
- To secure sustainable development in the Arctic, we must find best practices to use existing fora and bring Finland's voice to the fore. We must make efforts to find alternative ways to tackle climate action and other sustainable development issues if the existing means become either unusable or ineffective. Sustainable development processes cannot be frozen

because of just one party; both national and international measures must continue systematically.

### Anticipating Russia's Arctic role

- Russia's development is challenging to predict in the perspective of the next few years, even the next few months. Even chaos is possible. Finland's Arctic policy must maintain the readiness for action and change, even for a rapid response.
- About half of the Arctic region belongs to Russia, and the need for information about Russia's Arctic remains. In addition to information related to military activities, we will need to learn about the state of indigenous peoples, the state of the environment, the state of the economy, the state of the Russian administrative regions and their relationship with Moscow, the state of the media, the social conditions and so on. Finland must be able to maintain an understanding of Russia's Arctic regions in new circumstances. Up-to-date information is particularly important to ensure climate resilience and sustainable development in the Arctic.
- Finland needs to be actively involved in defining the conditions and terms under which it will be possible to reconstruct contacts with Russia linked to Arctic questions.
- In the longer term, it is in Finland's interest to continue to build a functioning relationship with Russia. However, this must not happen at any cost. In the coming years, ensuring national security must be at the heart of Finland's policy towards Russia. Therefore, a relationship with Russia, which focuses on practical issues, should not undermine Finland's security, and the cooperation must not create harmful dependencies.