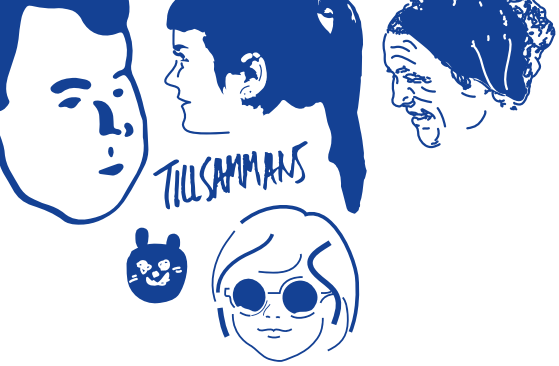

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Government's Defence Report

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Abstract

The Government's Defence Report to Parliament contains the defence policy guidelines for the maintenance, development and utilisation of Finland's defence capabilities. The Defence Report and its implementation ensures that Finland's defence capabilities are appropriate for the the demands of the security environment.

The Defence Report was drawn up after the Parliamentary study group's report (Parliamentary Office Report 3/2014) and after the Government's Foreign and Security Policy Report (Prime Minister's Office publications series 7/2016). The Foreign and Security Policy Report evaluates Finland's operating environment and also presents the areas of focus and the objectives of Finland's foreign and security policy. The Defence Report takes note of the changes in the military operating environment. The time span covered by the report exceeds the term of this Government and extends to halfway through the 2020s.

The Defence Report and its implementation will ensure Finland's defence capability in a changing security situation, will create the conditions for maintaining a credible defence system that covers the whole of the country, will set out the guidelines for implementation of strategic capability projects, improve the preparedness of the armed forces and steer the deepening of defence collaboration as well as the development of national legislation.

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Contents

SUMMARY 5

1 INTRODUCTION 7

2 THE MILITARY OPERATING ENVIRONMENT 8

3 THE PRESENT STATE OF DEFENCE 11

4 MAINTAINING AND DEVELOPING THE DEFENCE CAPABILITY 14

4.1 Defence policy grounds for the span of the Defence Report 15

4.2 Development of defence cooperation 16

4.3 The focus areas of using and maintaining the defence system 19

4.3.1 Land defence 21

4.3.2 Maritime defence 22

4.3.3 Air defence 23

4.3.4 Joint defence capabilities 24

4.3.5 Strategic capability programmes 26

4.4 The Defence Forces' processes and personnel 27

4.5 Conscription 28

4.6 The will to defend the country and voluntary defence activities 28

4.7 Infrastructure 29

4.8 Research and development 29

4.9 Military security of supply 30

4.10 Legislation 30

4.11 Resources 31

5 SUMMARY 32

SUMMARY

The Government Report on Defence to Parliament provides the defence policy guidelines for the manner in which Finland's defence capability is maintained, developed and used. The Defence Report and its implementation will ensure that Finland's defence capability meets the requirements of the security environment.

The Defence Report was written following the publication of the Final Report of the Parliamentary Assessment Group (Publication by the Parliamentary Office 5/2014) and the Government Report on Finnish Foreign and Security Policy (Prime Minister's Office Publications 09/2016). The Foreign and Security Policy Report analyses Finland's operating environment and presents the key priorities and goals of Finland's foreign and security policy. The Defence Report takes into account the changes in the political-military operating environment. Its scope extends beyond the present Government's term in office, reaching into the mid-2020s.

Implementing the Defence Report guarantees Finland's defence capability in a constantly changing security situation, creates the conditions for maintaining a defence system that covers the entire territory of the country, provides guidelines for the execution of strategic capability programmes and improves the Defence Forces' readiness. It also guides the deepening of defence cooperation and the review of national legislation.

Finland's military operating environment has changed. Military activity and military tensions have increased in the Baltic Sea region. The early-warning period for military crises has become shorter and the threshold for using force has lowered.

As a result of the increasingly complex nature of war a wide range of measures could be used against Finland. The demands on defence have grown. Finland must prepare for the use of military force, or threat thereof, against it.

Procurements have been curtailed and postponed due to the appropriation cuts imposed on the Defence Forces, and it has become necessary to shift resources from defence materiel acquisitions to cover operating expenses.

Finland strengthens its national defence and intensifies international defence cooperation. Land, maritime and air defence, as well as joint capabilities, will be developed in line with the requirements of the operating environment. New capabilities will be created for the cyber domain. The Defence Forces' strategic capability programmes will be implemented so as to safeguard Finland's defence capability in the long term. The defence system will be developed without creating any practical impediments to a potential membership in a military alliance.

Defence cooperation is important to Finland's defence capability and from the standpoint of threat prevention. Bilateral defence cooperation with Sweden enjoys a special status and the United States is an important partner for Finland. Finland purposefully promotes the development of defence cooperation within the European Union and the development of its defence policy. This will strengthen the foundation of the European defence capability and the Union as a security community and a global actor.

By sustaining the level of investment in new materiel that will begin in 2021, as recommended by the Parliamentary Assessment Group, most troops can only be equipped and trained for their tasks to a satisfactory level. On top of this, the improvement of readiness will require additional resources starting from 2018. Finland's credible defence rests on the guidelines and resources presented by this Report.

1 INTRODUCTION

The Government Report on Defence to Parliament provides the defence policy guidelines for the manner in which Finland's defence capability is maintained, developed and used. The Defence Report and its implementation will ensure that Finland's defence capability meets the requirements of the security environment.

The Defence Report is a continuum on the Final Report of the Parliamentary Assessment Group (Publication by the Parliamentary Office 5/2014) and the Government Report on Finnish Foreign and Security Policy (Prime Minister's Office Publications 09/2016). The Foreign and Security policy Report analyses Finland's operating environment and presents the key priorities and goals of Finland's foreign and security policy.

The Defence Report builds on the estimates and guidelines presented in the Foreign and Security Policy Report and concentrates on the changes in the military operating environment and the development of defence. Its scope extends into the mid-2020s.

2 THE MILITARY OPERATING ENVIRONMENT

The security situation in Finland's vicinity has deteriorated following the occupation of Crimea and the conflict in eastern Ukraine. Military tension has risen in the Baltic Sea region, and insecurity has grown far and wide.

The military-strategic importance of the Baltic Sea region has risen and military activity has intensified in the area. Simultaneously, the military footprint in the Arctic region has grown. As it is a base with strategic weapons, the Kola Peninsula retains its importance to Russia.

The states in Finland's vicinity have reacted to the transformation of the security environment by improving their military readiness, by procuring new materiel, and by increasing their defence spending. Member States of the EU and NATO intend to intensify and deepen their defence cooperation. Sweden has returned the focus of its armed forces' development from crisis management to defending its own territory. Materiel and troops have now permanently been based in Gotland. Lithuania will reinstitute general conscription.

Russia aims to strengthen its great-power status, and it has expressed the goal of a sphere-of-influence based security regime. It has demonstrated the ability to take swift strategic decisions and to employ coordinated military force and a wide range of other instruments in pursuing its objectives.

Alongside the protracted conflict in Ukraine, Russia has specifically demonstrated its sophisticated and wide-ranging air power in the Syrian War. Russia is developing the capabilities of its armed forces and is also maintaining the capacity to manage a major military crisis. All security authorities' capabilities can be used for military purposes. Russia has bolstered its western defences as well as its response and

readiness in the Arctic. Much as in the West, Russia focuses the material development of its armed forces on long-range strike capability and precision-guided weapons, manned aircraft and unmanned aerial vehicles, robotics, nuclear weapons, air and space defence as well as digital command & control and intelligence systems (C4ISR).

Russia aims to challenge NATO's capability to defend the Baltic States and eastern Europe should a military crisis flare up. Russia employs long-range weapon systems capable of destroying targets and creating anti-access/area-denial (A2/AD) exclusion zones in airspace and sea areas. All services' high-readiness formations stationed around the country can be rapidly deployed to the desired theatre without early warning, to occupy a limited area and challenge the sovereignty of the targeted state, among other things.

NATO has reinstated the defence of the territory of its members as its core task; most NATO nations are now investing more in their own defence. NATO has stepped up its Article 5 related exercises and keeps developing its military readiness with the aim of stabilising security in its own area. NATO's presence is increasing in the Baltic Sea region as the United States and certain other NATO nations are aiming at strengthening the defence of the Baltic States and eastern Europe by positioning troops and materiel in the region.

The European Union is strengthening the Common Security and Defence Policy (CSDP) and intensifying defence cooperation. The goal is to be able to manage security challenges, external and internal alike. The mutual assistance clause (Article 42(7), TEU) of the Treaty of Lisbon improves the possibilities for developing defence cooperation among the Member States. Even though most EU Member States rely on NATO with regard to defending their territory, the Union still plays an important role in enabling European defence cooperation and as an actor of comprehensive security.

The cyber domain is becoming increasingly important. The use of cyber operations for the purpose of pursuing political objectives cannot be excluded. The digitalisation of society, the dependency of technical systems on trans-border IT networks as well as the interdependencies and vulnerabilities of systems expose society's vital functions to cyber-attacks. Both cyber-attacks and psychological operations (PSYOP) have targeted, among other things, critical infrastructure, industrial plants, political decision-making systems and citizens in our neighbourhood as well as in Finland. Scientific and technological advances also pose other kinds of challenges to preparedness against threats. Wide-ranging chemical, biological, radiological and nuclear (CBRN) threats persist.

FACTORS AFFECTING FINLAND'S DEFENCE INCLUDE THE FOLLOWING:

- The early-warning period for military crises has shortened and the threshold for using force has become lower. At the same time society's vulnerability has increased.
- Military activity has intensified in the Baltic Sea region.
- A conflict in the Baltic Sea region would inevitably impact Finland's security.
- It is questionable whether access to the airspace and sea area of the Baltic Sea region would be free during a potential crisis. Interference of shipping and blocking Finland's sea lines of communication to the west would impact the whole of society.
- The use or threat of military force against Finland cannot be excluded.
- As the nature of war is becoming more complex, the range of instruments employed against Finland would be wide and include both military and non-military means.
- The defence of Finland calls for the ability to carry out land, maritime, air and cyberspace operations. The requirements imposed by the operating environment highlight, among other things, intelligence capability, agility from different administrative branches in rapidly developing situations, defence against long-range weapon systems and a cyber-defence capability..

3 THE PRESENT STATE OF DEFENCE

The Finnish Defence Forces reform, carried out from 2012–2014, adapted the size and the basic structure of the Defence Forces to meet stringent financial demands and the then lower threat level of the security environment. The defence budget was cut by approximately 10 per cent. The reform's savings goals were met. During the defence reform the number of salaried personnel was reduced to approximately 12 000 employees. The Defence Forces' service activities and logistics were concentrated. The wartime strength was reduced to 230 000 troops.

During the implementation of the reform a financing shortfall on the Defence Forces operating expenses was created. This was generated by additional cuts and obligations imposed on the Defence Forces as well as cost increases, and from having to react to the transformation of the security environment. These resulted in postponing and curtailing defence procurements. It has become necessary to shift resources from defence materiel acquisitions to cover operating expenses.

The reduced volume of the Defence Forces' exercises, owing to the cost-cutting measures, was reinstated to an acceptable level as of 2015. In line with Prime Minister Juha Sipilä's Government Programme financing for materiel investments, slashed during the Defence Forces reform, has gradually been increased to the level proposed by the Parliamentary Assessment Group (2014). Preparations for replacing the Navy's vessels and the capability of the Air Force's multi-role fighters have begun in the form of capability programmes. They require separate financing decisions.

The Defence Forces' readiness is created in normal conditions. It must be possible to launch the actions required by defence with the Defence Forces' existing materiel and resources. The capability to repel an attack exists in the immediately available troops

and systems. Sizeable defence preparations and supplementary defence acquisitions are more difficult to complete during a rapidly escalating crisis. The present financial resources set a limit on the Defence Forces' preparedness for a drawn-out crisis or warfare.

At present the Army's capability to carry out its mission is adequate. When it comes to maintaining the Army's capability it is essential to be able to complete the planned projects. While the procurements that replace the Army's ageing equipment do improve its capability, it will be impossible to fill all existing capability gaps through acquisitions.

At present the Navy's capability to carry out its mission is good. The capability and readiness of vessel and coastal units are maintained and in part developed to suit the tasks of normal and emergency conditions. In the 2020s the capability of the vessel classes that will be decommissioned will be replaced in a manner that maintains the capability for monitoring and securing territorial integrity, and for protecting merchant shipping and repelling attacks from the sea.

At present the Air Force's capability to carry out its mission is good. The capability of the Hornet multi-role fighters has been sustained through mid-life updates. An air-to-ground (AG) capability, which supports the battle of the Army and the Navy, has been created as planned. Ground-based air defence (GBAD) missile systems have been procured to improve the air defence of society's vital targets and Army troops. A great deal of GBAD equipment will be phased out in the mid-2020s and the service life of the Hornet system will come to an end at the same time. Replacing the equipment will be critical for monitoring and securing territorial integrity, fighter defence and the AG capability.

Carrying out the tasks of the Defence Forces requires higher readiness in land, maritime, air and cyberspace operations as well as better long-range strike capability. There are shortcomings in the regional coverage and survivability of intelligence and surveillance, command and control, and logistic systems. The changed security environment and technological advances, among other things, have highlighted the need for legislative review as regards the authorities being able to carry out their duties.

- There lies an imbalance between the requirements for defence development and the present level of resources. Without any corrective action Finland's defence would degrade.
- The defence capability must be developed as a whole, taking into account all services and capability areas.
- The Defence Forces' key equipment that is to be phased out will be replaced in order to maintain land, maritime and air defence capability, and to safeguard Finland's overall defence capability.

4 MAINTAINING AND DEVELOPING THE DEFENCE CAPABILITY

The defence capability will secure Finland's independence and territorial integrity; it comprises of military capabilities and collaboration among the national authorities as well as international defence cooperation. The defence capability will be maintained and developed in an operating environment that is in constant flux.

Finland is a country which does not belong to any military alliance. It carries out practical cooperation with NATO and continues to maintain the option to seek NATO membership. Finland strengthens its national defence and intensifies international defence cooperation as a militarily non-aligned country. Participation in international cooperation serves Finland's interests. Cooperation is increasingly important from the standpoint of maintaining, developing and utilising the national defence. The demands posed by the operating environment require an effective and rapidly deployable military capability which, for its part, strengthens stability in the Baltic Sea region.

The systematic development of the defence capability builds on decisions taken over the course of decades. Readiness which meets the demands of the operating environment's transformation as well as rapidly deployable forces and systems and a large, trained reserve improve Finland's chances to respond to a rapidly developing or a drawn-out military crisis.

4.1 Defence policy guidelines

The increasingly tense security situation in Europe and the Baltic Sea region has repercussions on Finland. Despite the increasingly tense international situation Finland is not under any immediate military threat. Nonetheless, Finland must prepare for the use or threat of military force against it. As a Member State of the European Union Finland could not remain an outsider should threats to security emerge in its vicinity or elsewhere in Europe.

Finland's foreign and security policy guidelines have been determined in the Government Report on Finnish Foreign and Security Policy (Prime Minister's Office Publications 9/2016). The primary aim of Finland's foreign and security policy is to avoid becoming a party to a military conflict. Finland will independently make decisions on security and defence policy. Finland pursues an active policy of stability to prevent military threats. This policy is supported by maintaining a national defence capability. Finland will actively and extensively strengthen its international defence cooperation and other networking as well as develop the abilities to provide and receive international assistance.

The Foreign Affairs Committee of Parliament has submitted a report on the Government Report on Finnish Foreign and Security Policy (UaVM 9/2016). In its report the Committee states that the aim of Finland's foreign and security policy is to avoid becoming a party to a military conflict. The Committee agrees with the guideline of the report, according to which Finland implements an active policy of stability to prevent military threats. It also agrees with the annotation that Finland does not have the option or desire to isolate itself from its operating environment, and that Finland, as a Member State of the European Union, could not remain an outsider should threats to security emerge in its vicinity or elsewhere in Europe. In its report the Committee considers that Finland will not allow the use of its territory for hostile purposes against other states. On the basis of the Government Report on Finnish Foreign and Security Policy this does not limit Finland's prospects to provide and receive international assistance or to intensify defence cooperation.

Finland's defence is being developed to satisfy the growing demands of the operating environment. Finland must be able to resist military pressure and a rapidly escalating military threat, and repel a large-scale attack.

In addition to traditional military threats Finland prepares to meet increasingly complex challenges which amalgamate both military and non-military means. External and internal security are ever more distinctly intertwined. Preparedness will be

implemented in line with the concept of comprehensive security and by reviewing legislation. The defence capability which is maintained against external threats is an element of Finland's comprehensive security and one of society's vital functions. The maintenance of the defence capability requires close cooperation among the different actors of society. The rapid deployment of the resources and capabilities of the authorities and partners is ensured through partnership and security agreements, memoranda of understanding and joint exercises.

The Defence Forces will provide executive assistance to the authorities responsible for internal security and to other authorities in accordance with requests for executive assistance and contingency plans. Finland's general conscription system and the citizens' strong will to defend the country bolster society's crisis resilience.

Deterrence relies on the kind of readiness and capability to repel attacks which is appropriately tailored to its operating environment. Finland prepares to repel military threats by maintaining its present-day defence solution which relies on effective weaponry and a large reserve. Immediately available national military capabilities are required to manage rapidly escalating crises.

Finland will create the ability to provide and receive military assistance. The ability to receive military assistance is one element of the national defence capability. The provision and reception of military assistance will be taken into account in the central government's preparedness and exercises, and in defence planning. This calls for collaboration in planning, shared situational awareness, compatible C2 and surveillance systems as well as training and exercise cooperation, and interoperability.

4.2 Development of defence cooperation

Defence cooperation strengthens defence in normal and emergency conditions. It also enhances deterrence and improves the chances of receiving political and military assistance when needed. However, defence cooperation does not provide any security guarantees to Finland akin to those given to a member of a military alliance. Peacetime cooperation lays the foundation for cooperation during crises. Trust, a necessary requisite for defence cooperation, is established through tenacious and enduring action. By means of a wide network of partners Finland develops such arrangements that can be utilised to receive all possible assistance already at the onset of a potential crisis.

Finland continues to participate in international training and exercises, military crisis management and in other international activities. The focus of training and exercises is on participation in demanding international exercises. Finland continues to invite international partners to its national exercises, which can be combined with partners' exercises.

Participation in military crisis management is part of conducting Finland's foreign and security policy and international cooperation. The goal is to develop national defence capability. Finland participates in increasingly complex crisis management in ever more demanding and high-risk operating environments. Finland takes into account the changes in international crisis management and evaluates its participation in military crisis management from the standpoint of effectiveness and national goals.

For Finland the European Union is a security policy choice and a value community. Finland actively participates in the development and implementation of the CSDP. The EU's solidarity clause (Article 222, TFEU) and the mutual assistance clause (Article 42(7), TEU) strengthen the Union as a security community and increase solidarity among the Member States. Sectors important to Finland include, inter alia, crisis management, providing and receiving assistance, responding to hybrid threats, developing defence cooperation and capabilities, creating arrangements for security of supply as well as strengthening the defence industrial and technological base.

Finland promotes the development of defence cooperation within the European Union and supports the Union's permanent structured cooperation and strengthening its crisis management planning and C2 capability. Cooperation with NATO is important in developing the European defence cooperation. Finland must be active in advancing any opportunities for cooperation in the EU and NATO.

NATO is an actor in advancing transatlantic and European security and stability. Finland promotes the deepening of cooperation under the auspices of NATO's Enhanced Opportunity Programme (EOP) and the '28 (NATO) +2 (Finland & Sweden)' meetings, by utilising the possibilities open to partner countries in, among other things, training and exercises and in the development of shared situational awareness. While carefully monitoring the developments in its security environment, Finland maintains the option to seek NATO membership. As Finland keeps developing its defence capability, it continues to take into account the prospects for defence cooperation and interoperability, and ensures the elimination of any practical impediments to a possible membership in a military alliance.

Nordic Defence Cooperation (NORDEFCO) will be intensified, among other things, in situational awareness cooperation and in training and exercises. Finland aims to increase the Nordic use of naval and air bases and training areas so as to generate flexible and efficient exercises. In the field of defence materiel, Nordic materiel projects will continue and industrial cooperation will be further developed. Finland supports the cooperation among NORDEFCO and the Baltic States as well as that among the respective defence establishments within the 'Northern Group'.

Sweden enjoys a special status in Finland's bilateral cooperation. Defence cooperation with Sweden aims at strengthening the security of the Baltic Sea region as well as the defence capabilities of both countries. Finland and Sweden will deepen their mutual cooperation which is being developed to facilitate operational planning in all situations. Examples of these may include the protection of territorial integrity or exercising the inherent right of collective self-defence pursuant to Article 51 of the UN Charter. No predetermined limits will be set on deepening the bilateral defence cooperation. Finland will actively participate in this cooperation.

The United States is an important partner for Finland and defence cooperation with it improves Finland's defence capability. Finland continues its close materiel cooperation and deepens other defence cooperation and collaboration with the United States according to the Statement of Intent on bilateral defence cooperation. This includes, inter alia, deepening bilateral dialogue on defence policy, exchanging information, enhancing defence capability, readiness and interoperability, training and exercise cooperation as well as materiel and research collaboration.

Important bilateral defence cooperation partners for Finland also include the Netherlands, the United Kingdom, Norway, Poland, France, Germany, Denmark and Estonia. Latvia and Lithuania are also close partners for Finland. Bilateral frameworks will be set up to facilitate bilateral cooperation; they will make defence cooperation easier to steer and more systematic.

International materiel cooperation lays the foundation for developing the material capability of defence. International materiel cooperation will be deepened among the Nordic countries, between the European Union and NATO, and bilaterally. Finland participates in international arms and export control cooperation as well as in confidence and security building measures, including their development.

The defence establishment maintains and develops the capability for innovation and anticipation, ensures sufficient support for capability development and the preconditions for international research cooperation as well as the competency required for

defence. The Defence Forces will gradually increase the total level of financing for research and development.

4.3 The focus areas of using and maintaining the defence system

Finland's defence requires an entirety consisting of land, maritime and air defence and joint capabilities supporting them, all tailored to the operating environment, and the ability to receive international assistance. The units and systems in highest readiness will be used nationwide. The large reserve provides regional coverage for the defence and sustainability during a drawn-out or wide-ranging crisis.

The rapid reaction units (RRU) that include all services' troops, equipped with effective and modern systems, will primarily aim to prevent the escalation of a situation into an attack against Finland. When required, a centre of gravity will be established for the defence and the attack against Finland will be repelled. If the crisis draws out or intensifies, more forces can be mobilised, if necessary.

The transformation of the security environment demands that the defence system be capable of higher readiness and joint operations. Readiness is regulated on the basis of continuous monitoring of the surroundings and on early-warning, both of which make it possible to launch actions at the correct time. The Defence Forces must be able to regulate readiness flexibly and rapidly, use military force in different situations and create and reposition the centre of gravity of the defence everywhere in Finland.

The actions of the Army, Navy and Air Force as well as the Defence Forces' joint capabilities are coordinated in joint operations, led by Defence Command Finland. The military services make use of the Defence Forces' shared C4ISR and logistics. The Defence Forces prepare to carry out military defence according to the concept of comprehensive security, in concert with the other authorities and partners.

On the basis of their usage the Defence Forces' forces are divided into manoeuvre (operational), regional and local forces. The regional forces are used for creating regional defence coverage. The manoeuvre forces create the centre of gravity of the defence and fight the decisive battles. The local forces participate in battle and provide security, surveillance and support to the manoeuvre and regional forces in their area and assist them in maintaining contact with the other authorities. In terms of

deployability the Defence Forces maintain troops in different stages of readiness. Figure 1 illustrates the basic grouping of troops.

Figure 1: Basic grouping of the Defence Forces´ troops

The Border Guard participates in national defence. The Border Guard's high readiness, powers and capabilities will be utilised to support the defence system in monitoring and securing territorial integrity. Should the situation so require, Border Guard units will be attached to the Defence Forces; they will be used in land and maritime defence as a part of the defence system. The Border Guard's defence planning and associated preparations will be carried out in close cooperation with the Defence Forces.

The focus areas of maintaining and using the defence system during the span of the Defence Report are:

- All services' readiness.
- Replacing the capabilities to be phased out, and
- Intelligence, cyber-defence and long-range strike capability.

The full mobilisation of wartime forces requires supplementary materiel procurements as well as resources commandeered from society. Finland will improve the capability to defend the entire territory of the country by intensifying the use of the forces which are not presently included in the wartime strength of 230 000 troops. The wartime mobilisation organisation will be merged into the local forces, and conscripts having reached a sufficient degree of training will be used to raise readiness and in military tasks during times of crisis. The Border Guard units attached to the Defence Forces will also be included in the overall strength, should this become necessary in times of crisis. This being the case, the total wartime strength will rise to 280 000 troops.

4.3.1 Land defence

Land defence will prevent and repel a land attack against Finland. Land defence will create the required nationwide, regional and local coverage, prevent the occupation of territory, support the other authorities in securing the vital functions of society and, with the support of air and maritime defence, defeat the aggressor on the ground. Territorial defence and its implementation, the Army Land Warfare doctrine, will be developed to measure up to the changes of the security environment. Development of readiness, agility and mobile operations along with being able to concentrate striking power on key targets are highlighted in the activities of the Army.

During this decade the focus of developing the Defence Forces is on the Army and, especially, its rapid reaction units (RRU).

In rapidly escalating situations the Army's immediately available readiness formations and units will carry out demanding tasks of executive assistance, provide security for the critical targets of the Defence Forces and those of society, and be used in situations where the threat of using military force exists. The role of salaried personnel and conscripts is highlighted in the early stages of a crisis.

When necessary, the Army will mobilise rapid reaction units to boost the deterrence of defence. If necessary, more forces will be mobilised with which the Army will create

the capability to repel the attack, defeat the aggressor as part of the Defence Forces' joint operations and meet the requirements of managing a drawn-out crisis.

The Army's ability to repel a large-scale attack will be retained. The doctrines of the Army's regional and local forces, including their capability and equipment, will be tailored to the demands of and resources for their planned areas of operation. The relative share of light troops will increase.

Among other things, the Army's mobility, firepower and striking power will be improved by modernising the BMP-2M armoured combat vehicles, carrying out the mid-life update of the CV9030 Infantry Fighting Vehicle and by procuring Leopard 2A6 main battle tanks. The Army's surveillance and targeting capability will be improved and new generation anti-tank weaponry and munitions will be purchased. A new self-propelled artillery system, possessing great firepower, will replace ageing artillery systems.

The deterrent effect which was lost through the elimination of infantry landmines will be replaced through other means. The Defence Forces will study the options and feasibility of domestic defence industrial innovations. The deadline for the study is the end of 2017.

4.3.2 Maritime defence

The integrity of Finland's territorial waters and the vital sea lines of communication will be protected through maritime defence. Attacks from the sea will be repelled with the support of land and air defence. The changed security environment of the Baltic Sea and Finland's dependency on shipping require versatility, survivability and high readiness from the maritime defence. These help prevent and limit the possibility of isolating Finland by sea, and of the aggressor being able to concentrate his weapons effect on our vital targets or functions.

The prerequisites of maritime operations in normal and emergency conditions are a recognised maritime picture (RMP) from below and above the surface and from the air generated with fixed and mobile maritime surveillance systems and vessels, and the ability to use fire at all times. The integrity of territorial waters is monitored and protected with maritime surveillance systems and vessels capable of repelling territorial violations as well as anti-submarine warfare, in concert with the other maritime authorities. The sea lines of communication are secured by protecting the appropriate sea areas, channels and waterways with anti-submarine warfare, sea

mines as well as anti-ship and anti-aircraft weapons systems. When necessary, sea areas will be protected through mine laying.

Attacks from the sea will be repelled with concentrated fire, the key elements of which are anti-ship and coastal missiles, and sea mines. Sea mines will protect our own operations and limit those of the adversary and deny his access to our vital areas. Fleet units and mobile coastal troops with effective firepower will create the centre of gravity of defence in the desired sector. If necessary, the aggressor will be defeated with the support of the Defence Forces' joint capabilities and the other services. The Navy will support land and air defence, among other things, through fire support and by participating in air surveillance.

The maritime defence will be developed for higher-tempo and more mobile maritime operations. Through the capabilities that will be procured the Navy can rapidly and flexibly regulate readiness, carry out surveillance and use fire, and create a centre of gravity of defence in sea areas and the littoral zone.

The anti-ship missile system of the Hamina-class fast-attack craft, scheduled for overhaul, will be replaced and the ships will be equipped with anti-submarine warfare systems and torpedoes. The mine laying and transport capability will be retained with the overhauled Pansio-class minelayers. A new class of vessels will supersede the combat vessels that will be decommissioned in the 2020s. The mine countermeasures capability will be retained with Katanpää-class minehunters and anti-mine combat diver units.

The backbone of the coastal troops consists of a mobile coastal battlegroup equipped with ample firepower as well as new anti-ship missile units and fire support units. The firepower, mobility and C4 systems of the coastal troops will be developed.

The capability of the fixed surveillance system will be ensured by maintaining the present surface surveillance systems and by launching the modernisation of the underwater surveillance system.

4.3.3 Air defence

Air defence will prevent and repel air attacks against Finland and limit the aggressor's possibilities for using his air power without warning and from afar.

The Air Force maintains a recognised air picture (RAP) and the readiness to immediately react in the manner required by the operating environment. The

nationwide command and control of air defence and the centralised control of fighter defence will be made possible by means of a networked C4ISR system. The air defence will protect the raising of readiness and mobilisation and, for its part, facilitate land and maritime defence by denying the aggressor air supremacy. Air operations are supported by land and maritime defence.

The Air Force's high readiness and capable multi-role fighters enable air defence over the entire territory of Finland. Multi-role fighters carry out the monitoring of territorial integrity and engage targets in the air, on land and the sea, and supplement the Defence Forces' command & control and intelligence system (C4ISR). A multi-layered ground-based air defence (GBAD) system protects sites and troops, and incurs losses to the adversary both regionally and locally. The networked air defence system, comprising the Air Force and the GBAD, is able to engage different kinds of threats, ranging from manned aircraft and unmanned air vehicles to cruise missiles. The Air Force provides air-to-surface fire support to land and maritime defence.

A sufficient network of air bases and mobile troops will be maintained to improve survivability. The self-sufficiency of the multi-role fighters and GBAD will be secured by maintaining sufficient stockpiles of weaponry and spares as well as domestic know-how.

During this decade the maintenance and servicing of aircraft and GBAD systems will be secured, air bases will be furnished with special materials, and their structures will be improved in accordance with the requirements of the operating environment. The goal of GBAD development is to achieve a sufficient high-altitude defence capability and regional cover. In order to maintain the defence capability, the Hornet fleet's capability, which is to be phased out in the mid-2020s, will be replaced in full to meet the requirements of the security environment.

The capability of the air surveillance systems which are about to be phased out will be replaced at the end of the next decade. The development of low-observable aircraft and drones warrants a study of new surveillance technologies.

4.3.4 Joint defence capabilities

Early warning of military threats against Finland calls for sophisticated intelligence and surveillance capability and international cooperation. Military intelligence information-gathering methods will be developed for these threats. The Defence Forces will create an entirety of military intelligence, surveillance and targeting support.

The Defence Forces will continue developing a cyber-defence capability in accordance with the national Cyber Security Strategy. The Defence Forces will establish the capability for compiling cyber situational awareness, for planning and implementing cyber operations, and for protecting and monitoring our own systems in the cyber domain.

The ability to rapidly engage targets at a distance embodies the essence of military deterrence in the 2020s. More munitions will be procured for long-range weapon systems and targeting will be improved. The capability of the Special Forces to carry out reconnaissance and raids will be retained. Mid-life updates on the helicopter fleet will guarantee the mobility and reaction capability of Special Forces and readiness units, and the provision of support to the services' other forces.

The functioning of the restructured logistic system will be consolidated on the basis of lessons learned from exercises and from crisis management. Competency and access to critical materiel and information resources will be guaranteed nationally. The functioning of the Defence Forces' international acquisition channels and contacts as well as the availability of materiel will be secured. The explosives production and life-cycle management model will be developed.

Combat Service Support will be developed in accordance with readiness requirements to sustain the troops during a drawn-out crisis. The ability to receive assistance will be taken into account in the development of logistics.

In its telecommunications the Defence Forces will utilise the security authorities' network and continue to conjoin and streamline the defence telecommunications network. The technical structure will be developed to meet the Defence Forces' readiness requirements and serve exercises, territorial surveillance and other operations. Off-the-shelf equipment will increasingly be used to support command and control. The Defence Forces' own IT systems will primarily support battle management.

As part of multinational cooperation, such technical and functional solutions will be developed which, when necessary, will enable the coupling of different countries' C2 systems together.

The compositions, doctrine and defence materiel of Border Guard units will be developed as part of the defence system, together with the Defence Forces. The development will particularly take into account higher readiness requirements.

4.3.5 Strategic capability programmes

In the 2020s Finland's defence will face an exceptional situation when the main systems of two services will be phased out almost simultaneously. The Navy's vessel project and the Air Force's fighter programme, which replace the capabilities to be decommissioned, are indispensable strategic programmes for the defence of Finland. In accordance with the Government Programme, preparations for replacing the Navy's vessels (Squadron 2020 project) and the capability of the Air Force's multi-role fighters (HX programme) have been launched. Both programmes are based on research and analysis on the future operating environment.

Maritime and air defence are a prerequisite for the functioning of the entire defence system, for carrying out the Defence Forces' tasks in normal conditions, for monitoring and securing territorial integrity and for preventing and repelling a possible attack. The programmes are of great importance to Finland's security and defence policy.

Squadron 2020 project

The Rauma-class fast-attack craft and Hämeenmaa-class minelayers will reach the end of their service lives by the mid-2020s. The maritime defence capability will be preserved through the Squadron 2020's vessels and the Hamina-class fast-attack craft, scheduled for overhaul. The Squadron 2020 project entails replacing and modernising the capabilities of the seven vessels which will have been or are scheduled to be decommissioned against contemporary threats.

The four vessels of Squadron 2020 will be capable of year-round, long-endurance patrols in all weather and ice conditions of the Baltic Sea, mobile protection of territorial integrity, command and control of maritime operations and ASW, mine laying as well as anti-surface warfare (ASUW) and anti-aircraft defence. The tasks require that the vessels have the ability to generate a recognised maritime picture (RMP) from the air and from below and above the surface.

The capability of the Squadron 2020's vessels is planned to be viable into the 2050s. The estimated cost of the project is EUR 1.2 billion.

HX programme

The planned service life of the Hornet fleet will come to an end between 2025 and 2030. There are three major factors that limit the service life of the fleet: the

weakening comparative capabilities of the Hornets, structural fatigue and challenges in obtaining system support. Nationwide air defence and the maintenance of deterrence necessitate replacing the Air Force's key defence system with capable multi-role fighters from 2025 onwards.

The multi-role fighters carry out territorial surveillance, engage targets in the air and on land and sea, and supplement the Defence Forces' C4ISR system. Anti-aircraft defence capabilities will complement those of the multi-role fighter. It is not possible to substitute the Hornet fleet's capability with GBAD systems or with any unmanned aerial vehicles already in operational use or on the design board; they would cover but a part of the Hornet fleet's capability. The need and possibilities of procuring supplementary capabilities will be analysed as part of the HX programme.

The capability of the new multi-role fighter is planned to be viable for at least 30 years, i.e. into the 2060s. The projected cost of the programme is EUR 7—10 billion. The procurement decision will be made in the early 2020s.

4.4 The Defence Forces' processes and personnel

The Ministry of Defence is presently implementing an internal savings programme which aims to achieve the approved cuts in spending limits and curb mounting costs and expenses.

In developing their processes and personnel system the Defence Forces are focusing on the essential while aiming at cost-effectiveness. The goal of partnerships is to secure support services and readiness in all conditions in a cost-effective manner.

Ultimately, the wartime force structure determines the Defence Forces' personnel structure. Furthermore, the Defence Forces' spending limits, tasks, the development of new capabilities and the central government's processes also play a role in this. Human resources will be allocated to the Defence Forces' core tasks such as readiness and conscript training as well as to tasks required for maintaining and developing the new capabilities.

Changes in the military pension system and the action required by the attrition of institute officers, intended to secure sufficient numbers of professional military personnel in the reserve, will impact the personnel structure. The personnel structure and the

reservist training system will be changed to suit the requirements of crisis conditions. As the personnel system is being developed, the requirements for international cooperation and military crisis management will be taken into account. Following the Defence Forces reform the number of salaried personnel, approximately 12 000 people, is the minimum needed for carrying out the Defence Forces' present statutory tasks.

4.5 Conscription

General conscription and training the entire able-bodied annual intake of men produce the Defence Forces' wartime troops in a cost-effective manner. Women's voluntary military service will be developed as part of the system. The goal is to increase the number of women serving in crisis management duties. Call-ups will be improved by developing digital information services and processes, and by taking into account the conscripts' special skills and abilities.

Conscript training will be cost-effectively developed to meet the changed readiness requirements by utilising networks, virtual reality and simulations, among other things. New training arrangements will be gradually phased in. Digital services will be used in managing the conscripts' affairs.

The reservist training system is an entirety which comprises the Defence Forces' refresher exercises and voluntary exercises as well as the courses organised by the National Defence Training Association of Finland. Reservists are encouraged to maintain physical fitness and to participate in internet-based training opportunities. Wartime forces will increasingly utilise the reservists' civilian expertise.

4.6 The will to defend the country and voluntary defence activities

The transformation of the operating environment underlines society's resilience, where the will to defend the country plays a central role. Voluntary defence is a theme shared by the entire population and the strong defence will of the Finns lays the foundation for the defence capability. Voluntary defence training organisations are partly responsible for sustaining this strong will.

The will to defend the country is maintained through top-notch training and by supporting voluntary defence training. The National Defence Training Association of

Finland is developed as a strategic partner of the Defence Forces, in line with the Nordic concept. The goal is to strengthen the role of voluntary defence activities in local defence arrangements and in executive assistance. The prerequisites of voluntary defence will be safeguarded.

4.7 Infrastructure

The network of garrisons will be maintained at the level required by peacetime training and wartime needs. The Defence Forces' premises management strategy, extending until 2030, evaluates the key internal and external factors of change for premises management, including the needs for development.

Premises management adjustments seeks cost savings by the year 2020 which would stabilise potential cost rises. The adjustments will continue through actions that improve the efficiency and cost-effectiveness of the premises.

4.8 Research and development

Developing and maintaining the Defence Forces' capabilities requires systematic planning as well as steadfast, correctly-timed and sufficient resource allocation for research and development (R&D) for the entire service life of any given capability. The Defence Forces' R&D resources must meet the requirements of the operating environment by guaranteeing the organisation's capacity for innovation and anticipation, support for capability development, the preconditions for international R&D cooperation, and the volume of critical expertise for the defence.

Domestic technology expertise supports the entirety of the defence system. The industry's role as a partner is based on competency and technological expertise. Research and development is needed for creating knowhow and maintaining the industrial production and innovation capability in Finland. Cooperation among the defence establishment, the industry and research and innovation funds in the public sector will be intensified.

4.9 Military security of supply

The Defence Forces' wartime capabilities are largely based on resources allocated by the rest of society. Moreover, Finland is dependent on the availability of defence materiel from abroad.

Military security of supply safeguards the functioning of the Defence Forces' critical systems during disruptions in society. Technological expertise is developed to secure the functioning of these systems. The close international cooperation which serves this goal will be intensified among the authorities and the domestic and foreign defence industries. The export conditions of the domestic industry and its entry into the international marketplace will be supported. In its defence materiel exports Finland adheres to its international obligations.

The technology areas that are critical to Finland's defence were defined by the Government Resolution on Securing the Finnish Defence Technological and Industrial Base (MoD 2016); expertise pertaining to said areas shall be developed in Finland.

4.10 Legislation

Legislative projects improve readiness, inter-authority cooperation, territorial surveillance and information gathering. Furthermore, the development of legislation facilitates the provision and reception of international assistance, and participation in other international activities.

The most important legislative project underway concerns military intelligence and, particularly, communications intelligence, systems intelligence and human intelligence. Moreover, the need for developing legislation for unmanned aerial vehicles and drones will be studied. Legislation concerning the provision and reception of executive assistance, the status of those possessing dual citizenship, and legislation that applies to buying land and real estate will be reviewed. When it comes to the preconditions of the authorities it is important to study the need to review the Emergency Powers Act.

4.11 Resources

A defence capability which meets the demands of the changes in the operating environment and the preconditions for developing its capability will be safeguarded. The identified sectors in maintaining and developing the capabilities for the span of the Defence Report include, in particular, readiness, intelligence, cyber defence, joint fires and replacing the capabilities that will be phased out.

It is estimated that additional annual financing of EUR 55 million from 2018 onwards is needed to improve readiness so as to be able to respond to the changes in the security environment.

As per the recommendations of the Final Report of the Parliamentary Assessment Group, additional annual financing of EUR 150 million from 2021 onwards, on top of index adjustments, is needed to maintain the level of the Defence Forces' materiel investments.

Preparations for the strategic capability programmes of the Navy and the Air Force (Squadron 2020 and HX) will continue, and the capabilities to be phased out will be replaced. The programmes will be financed through budgets from 2019-2031. The strategic capability programmes will be prepared in such a manner that their future maintenance and operating costs can be covered from defence budgets without the need for separate funding.

The detailed financing decisions will be taken in connection with general government fiscal plans and budgets.

5 SUMMARY

1. The military operating environment is in flux. The consequences of this change are estimated to continue for a long time.

2. The concept of comprehensive security lays an appropriate foundation for intersectoral cooperation in the management of wide-ranging threats. Due to the increasingly complex nature of conflicts, the requirements for the Finnish concept of comprehensive security and for society's crisis resilience must be thoroughly assessed during the next update of the Security Strategy for Society.

3. The operating environment requires maintaining and developing the national defence capability. This will be supported through legislative projects and intensifying defence cooperation.

4. Defence readiness will be improved.

5. By implementing the guidelines of the Defence Report Finland's defence will remain viable well into the coming decade.

Term	Definition
Air defence	Air defence means the activities which are used to carry out air surveillance both within and near the national borders, secure the integrity of airspace, protect the vital functions of society against air attacks, wear down the enemy in the air and repel his air attack. All services and civilian authorities as well as the Border Guard participate in air defence.
Border Guard forces	Troops made up from the Border Guard's regular personnel and conscripts serving in the Border Guard pursuant to the Conscription Act or those in voluntary military service. Border Guard troops, or parts thereof, can be attached to the Defence Forces when readiness is raised or when the national defence capability so requires.
Build-up forces	Defence Forces' troops which create the ability to manage a drawn-out crisis by augmenting the forces that were mobilised earlier.
Crisis resilience	The capability to sustain functions in changing conditions and the ability to cope with disruptions and crises, and to recover from them.
Cyber defence	The national defence related sector of cyber security which incorporates the capabilities of intelligence, surveillance, cyber-attack and cyber defence.
Defence capability	Finland's defence capability comprises the defence system's military capabilities and the resources attained through domestic and international defence cooperation.
Defence cooperation	Defence cooperation means such international defence policy and military cooperation which supports and strengthens Finland's defence capability.
Defence system	An entirety comprising the Defence Forces' command echelons as well as forces and systems, divided into subordinate systems. The subordinate systems contain the personnel, materiel and doctrines required to carry out the tasks of military defence.
Early warning	Early warning provided by military intelligence on such developments which could jeopardise Finland's security or pose a threat.
Joint operation	A joint operation is one in which the operations of at least two services are coordinated to reach the military objective. The Defence Forces' joint fires and capabilities can support joint operations.

Term	Definition
Land defence	Land defence means the activities which help safeguard society's vital functions and carry out territorial surveillance over the land area making it possible to slow down and wear out the aggressor's land attack in selected terrain and ultimately defeat him. All services and civilian authorities as well as the Border Guard participate in land defence.
Local forces	Wartime troops which create nationwide coverage in defence through surveillance, protecting targets, mobilising forces and by providing support to the other authorities.
Manoeuvre (operational) forces	Wartime troops trained and equipped for nationwide combat, suitable for being used in versatile and demanding battle conditions in different operating environments.
Maritime defence	Maritime defence means the activities which are used to protect the vital functions of society at sea, carry out maritime surveillance, secure the integrity of the sea area and the sea lines of communication, wear down the enemy at sea and repel his sea attack. All services and civilian authorities as well as the Border Guard participate in maritime defence.
Military capability	Military capability comprises plans, manuals and doctrines, sufficient and competent personnel, the required materiel, the necessary infrastructure as well as a basing system operated by the Defence Forces or provided by society.
Psychological operations (PSYOP)	Action aimed at producing changes in the information environment. For example, changes can appear in system performance, access to information or in human behaviour. Methods used in PSYOP include electronic warfare, cyber-attacks, psychological operations and the physical destruction of targets.
Readiness forces	Troops intended for countering rapidly emerging threats. Their new elements include the following: - **Readiness formations**, which are primarily used for managing serious disruptions in normal conditions. They can also be used in military defence. - **Readiness units**, which are primarily used in military defence. They can also be used for executive assistance tasks. - **Rapid Reaction Units (RRU)**, which create a deterrent effect on the use of military force against Finland. The RRUs facilitate the execution of vigorous and pro-active operations.
Regional forces	Wartime troops trained and equipped for regional battle as per the conditions of their intended area of deployment.

Term	Definition
Security of supply	The ability to sustain the population's basic economic functions for the purpose of safeguarding their livelihoods, the viability and security of society, and the required materiel for national defence during serious disruptions and emergency conditions.
Special Forces	Troops that are specially trained and equipped for versatile and unconventional operations; they usually operate in small teams.
Targeting support	Targeting support is used to prioritise, order and execute the acquisition and analysis of intelligence information required to carry out an attack.

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