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Russia, the Arctic and a changing security policy climate

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Russian actions in Ukraine have deteriorated the security policy climate in Europe considerably. The introduction of sanctions and countermeasures appears to have had a limited impact, and today – more than 18 months after the annexation of Crimea – the relationship between Russia and the West remains tense. Meanwhile, Russia has become a more unpredictable foreign policy actor. The Ukraine conflict demonstrated the Putin regime's willingness and ability to use all means available to the state in order to achieve regime aims, even at the expense of a struggling economy. In Syria, Russia has proved itself willing to take on military involvement beyond its near abroad.

Russia appears increasingly threat-oriented, and the Ukraine conflict is symptomatic of its threat perception, which is characterised by fear of so-called colour revolutions and of Western interference in the affairs of other states. This is also reflected in the Syria conflict. However, Russia's role in Syria serves multiple purposes, supporting as it does the Putin regime's aim of a multi-polar world order whereby Russia balances the position held by the United States and plays a more prominent role on the world stage.

In sharp contrast to reactions outside Russia, the Putin regime saw its popularity ratings soar at home in the wake of the Ukraine crisis. However, the conflict is becoming drawn-out and pressure is mounting on the regime, especially given the conflict's economic ramifications. From an intelligence perspective, the Ukraine crisis has nonetheless provided much valuable insight into Russian courses of action and objectives. I would therefore like to start by highlighting what we consider the key operational lessons learned from Ukraine, before I go on to share some more general assessments of developments in Russian politics and military power.

By way of putting Russia's actions in Ukraine into perspective, it might be useful to start by taking a quick backward glance at the war between Russia and Georgia in 2008. Despite Russia's victory, the war exposed some serious weaknesses in Russian military capabilities. In order to address these weaknesses, a major military reform was initiated that same year. By transforming the Russian armed forces into a considerably leaner and more mobile military organisation, the reform laid the groundwork for what Russia has been able to achieve in Ukraine. The government wants to continue investing in the modernisation of the military, despite the strained budgets.

For the outside world, three particular lessons have emerged in the wake of the Ukraine crisis. All three are directly linked to the results of the Russian military reform.

The first lesson is that the Russian armed forces have **improved their responsiveness considerably**. Russia demonstrated an impressive ability to swiftly concentrate military force from across the country in order to conduct an efficient, coordinated and challenging operation.

The second lesson is linked closely to the aspect of time, and concerns the so-called **reinforcement concept**. The Russian military reform entailed a transition from a mobilisation concept to a reinforcement concept, based on standing reaction forces and rapid deployments. The Ukraine crisis has shown us that the Russian reinforcement concept works.

The final lesson I would like to draw your attention to is Russia's use of instruments of state power. During the Ukraine crisis, Russia employed **a range of instruments of state power, on a scale and with a degree of coordination** not seen before, and applied them in the form of what is often referred to as hybrid warfare, i.e. the combination of classic military power and unconventional and civilian measures. Although none of this is novel in terms of military theory, what is new is the finesse with which it was executed. The Norwegian Intelligence Service was able to observe the combination of various Russian instruments on an hour-by-hour, week-by-week basis. The approach has involved classic military power in the form of dozens of battalion level task forces, artillery, air defence, command and control and logistics. It has also involved the supply of hundreds of tanks, armoured vehicles and artillery to the separatists in eastern Ukraine. We have seen large units composed of what the Russians term 'Russian volunteers' fighting inside eastern Ukraine; in reality, these fighters have been contracted Russian mercenaries recruited from regular Russian military units. They have included Russian special forces in unmarked uniforms posing as separatists, referred to by the media as 'little green men'. The approach has involved Russian-operated and -controlled air defence systems and other regular Russian units on Ukrainian soil, as well as sophisticated and coordinated information operations in Ukraine, in the West and in Russia. And it has also involved cyber operations.

The conflict showed how extremely important non-military means have become within the Russian toolbox. The Kremlin has placed considerable importance on influencing through the media and in the information sphere. Although the degree of coordination of and impact from Russian information operations should not be overstated, it is important to note that these means are used extensively - even in peacetime. The Russian threat perception involves conflict viewed as something which is constantly ongoing between irreconcilable civil systems. This is why Russia constantly seeks to convey its narratives through all available channels. In sum, this creates a new normal where the distinctions between civilian and military and peace and conflict become blurred.

These are some purely operational lessons from Ukraine. In today's situation, it is equally important to identify the regime's overarching foreign policy vision. In practice, Russia has two main foreign policy objectives, which both remain unchanged. The first is regional dominance in the CIS area, the so-called "near abroad". The other is to reinforce Russia's status as an equal and respected world power. These objectives are very closely interlinked.

One of the key drivers behind Russia's eagerness to dominate the CIS area is the Kremlin's desire to maintain a security policy buffer zone between Russia and the outside world, especially the West. In

a Russian context, the term 'security policy' is applied broadly. The Putin regime's decision to use a variety of wide-ranging measures in Ukraine is largely a reflection of Moscow's expansive and complex enemy perception. For instance, the regime views political and economic integration between Western countries and CIS countries as a security challenge, regardless of whether this integration takes the form of EU membership or an association agreement. The regime considers such integration a possible first step toward NATO expansion into the CIS area, a clear 'red line' to Russia. However, the Putin regime likely considers it equally threatening that closer political and economic integration with the West could move the CIS countries' social systems and values in a more liberal and democratic direction. Moscow fears that such developments could spill over into Russia and may come to pose a threat to the regime itself. In other words, Russia's foreign policy priorities reflect both the conviction that the West poses a classic security threat and the regime's own fear of losing power. Taken together, these aspects explain many of Russia's actions in Ukraine and the CIS area at large. We expect Russia's strategic objectives in the CIS area to remain unchanged in the years ahead.

When it comes to Russia's desire to attain the status of a great power, this is a search for respect in the sense that the Russians believe they deserve to exert just as much influence as the United States and the EU on major international issues. Referring to Russia's current foreign policy line as 'revanchist' is correct in the sense that Russia wants to see the end of the unipolar, US-dominated world order which has prevailed since the end of the Cold War. However, the Russian elite does not envision a return to the Soviet era, when Russia was a superpower in a bipolar world. Rather, Russia seeks a multi-polar world order, expressed most clearly in its steadily evolving bilateral relationship with China. The conflict in Syria is yet another example, where the Kremlin is trying to show itself to be an independent power broker, by assuming the leadership in the global fight against terrorism. However, Russia's actions in Syria have shown that Moscow's main goal is to support the regime of president Bashar al-Assad. The support for Assad is based on a desire to counter American influence in the Middle East, which Moscow hopes will serve to limit Washington's freedom of action more broadly. Russia is, as mentioned, strongly critical towards what it perceives as American unilateralism, be that in Iraq, Libya or – indirectly – in Ukraine. The Russians fear that this perceived American policy of regime change will ultimately threaten the Putin regime itself, through a so-called "colour revolution". In other words, the roots of Russia's actions in Syria can be traced back to Russian domestic politics, and the difficult economic situation the Putin regime now finds itself in. The Syria campaign is therefore actively exploited by the Kremlin in its domestic propaganda, which depicts Putin as the only guarantor for stability in Syria and the world at large – but more than anything at home in Russia. But this is not a show of strength. In reality we are witnessing a Putin under tremendous pressure. Moreover, it is not obvious that Russia has a clear endgame in Syria, where the situation could rapidly take a turn for the worse – not least considering that Russia itself has become a target for Islamist terror.

Still, in the years ahead, we can expect tough Russian rhetoric on key international issues. The country will continue to make active use of its UN Security Council veto, and the Kremlin will also continue to actively approach non-Western countries politically.

Well-developed economic links to the outside world have long constituted another of Russia's key foreign policy objectives. From a Russian perspective, these links serve a number of purposes, the most crucial of which is that over half of Russia's government revenue stems from petroleum

exports. Given the current oil price, it is essential for Russia to maintain its relationships with individual Western countries, its main energy customers in particular. Despite Russian rhetoric stating the opposite, it would be impossible for Russia to replace Europe with China as its key trading partner in the foreseeable future. This largely explains why Russia continues to strive to increase its political influence in Europe, particularly by establishing links to individual countries and Russian-friendly political forces, and by attempting to sow dissent between European states.

After Putin's return to the presidency, we have witnessed a systematic transfer of power from the government to the Presidential Administration. Throughout the Ukraine crisis, this development has been reinforced by Putin's preference— more so than in the past – to base his decisions on the advice of a very small circle of advisers with intelligence, security and defence backgrounds. This means there is little room for alternative views to the current conservative and authoritarian line, and therefore little chance of any real policy change.

So how sustainable is the current foreign policy line at home? First, I would like to make it clear that we do not expect regime change in Russia in the short term. Russian popular opinion appears to remain extremely receptive to nationalist patriotic rhetoric, and as mentioned earlier the Putin regime saw its popularity ratings rise after the annexation of Crimea. Alternative voices in the elite and opposition have become further marginalised in recent years, helped by the regime's high degree of control of the Russian media landscape. As anti-Western propaganda has flourished in Russia over the past 18 months, the liberal opposition has increasingly become referred to as fifth columnists and traitors whose aim is to undermine Russia in favour of the West. The assassination of the Russian opposition politician Boris Nemtsov on 27 February this year was typical of the current political climate in Russia, which allows little scope for alternative and oppositional voices.

However, the current economic crisis in Russia has exposed a number of long-standing vulnerabilities in the Russian political system. The IMF currently expects the Russian oil-dependent economy to shrink by 3.8 per cent this year, whereas the Russian central bank's own estimate is even more pessimistic. Last year, by comparison, saw a slight increase of 0.6 per cent, and it is not long since Russia had annual growth rates of 7–8 per cent several years in a row. The oil price fall combined with Western sanctions has shaved nearly half the value off the rouble in a year and resulted in high inflation and negative real wage growth after years of robust increases. The Russian government has nevertheless chosen to continue giving priority to the military build up even as budget cuts have begun to bite. The state still holds financial reserves, but a low oil price, negative economic growth and high Russian ambitions mean that these will have to be drained within the next few years.

In parallel, long-term demographic developments will give rise to an ageing population and demand a sharp productivity increase among those of working age. Despite, this, the current political leadership is adamant in retaining the current economic model, with strong state control and a large proportion of actors closely linked to the Kremlin. The lack of necessary structural reform is conspicuous and helps preserve nepotism, an unreliable legal system and Russia's dependency on oil. As the country's economic development slows down, the government will find it increasingly difficult to provide the level of welfare the Russian people have come to expect.

Most Russia analysts nonetheless agree that it is neither the oil price nor the sanctions which poses the biggest threat to the Russian economy in the longer term. The country has failed to take the necessary structural measures to diversify and legislate, and to combat corruption, and with the

current sanctions and low oil price this could come to have an extremely detrimental long-term effect.

Why have the Russian authorities not done more to address the economy's structural weaknesses? The answer is simple. Some people benefit from the exclusion of others and from the ease with which large sums of money can be squirreled away. In Russia, these individuals can be found in close proximity to the power elite.

Due to the economic situation, the regime's fear of domestic popular opposition has become stronger, which in turn has prompted further tightening of Russia's already extremely authoritarian political line toward civil society. We expect this development to continue, especially given next year's Duma elections and the presidential election in 2018.

In the longer term it is possible to imagine more friction within the Kremlin, within the elite at large and within the population. Because the conflict in Ukraine has proved lengthy, popular support for it could be waning. Moreover, the economic crisis may spark associations to the chaotic 1990s, which Putin has based his political career on being the antidote to. Although massive popular uprisings seem unlikely in the short term, experiences from elsewhere, such as the Middle East, suggest that popular unrest can arise quickly and be difficult to predict. Within the political elite, the crisis could potentially challenge Putin's superior role as the top political intermediary between various groups.

Nevertheless, I would like to emphasise that even if the current situation triggers regime change in the longer term, this will not necessarily result in a more cooperative, democratic or predictable Russia. The lack of renewal among the regime's power brokers over the past decade, combined with a traditionally strong central authority, makes it difficult to imagine a situation whereby Putin is forced to leave the presidency in favour of a more liberal, democratically-oriented successor. It is more likely that a future new regime is recruited from the same circles which are currently in power, perhaps with an even more nationalistic profile. It is also worth noting that even the parts of the regime which support a more liberal political line and are more conciliatory toward the West share the fundamental desire for Russian regional dominance in the CIS area and great power status.

All indicators point to a continued modernisation of the Russian military as a top priority. This is linked in part to the continuity seen in the Russian threat perception. In the revised edition of the Russian military doctrine, published on 26 December 2014, NATO remains Russia's number one security policy risk. The Russian world view includes potential security challenges in other parts of Russia as well, from volatile regimes and extreme Islamism in the south to a growing China in the east – which despite the closer bilateral relationship is likely viewed with some trepidation by the Kremlin.

The 2008 defence reform will continue to guide the military capability development and force structure in the years ahead. The modernisation of the Russian military will continue through the state armament programme GPV-2020. However, the struggling economy has forced the authorities to repeatedly revise their budgetary plans.

Military spending therefore looks set to decrease somewhat over the next few years. Several acquisitions will have to be put off until the next planning period, stretching toward 2025. However, there is much to suggest that military budget allocations will remain top priority. It looks as though

the budget item 'national defence' will total 4.2 per cent of GDP in 2015, compared to 3.5 per cent last year. Often, defence-related allocations come in addition to this, and these are calculated into other budget items. The Ukraine crisis has contributed to the continued prioritisation of the armed forces because they have shown themselves to the authorities to be an accessible means to achieve foreign policy goals. The result of this is that NATO will be faced with an increasingly capable Russian military going forward, with access to a broad range of assets.

Nuclear weapons will continue to form the basis of Russian deterrence. This capability will be preserved through modernisation and replacement of both nuclear weapons and attendant means of delivery. Over the coming decade, most of the Soviet-era systems will be replaced. Another move of equal importance to NATO is Russia's prioritisation of the development and acquisition of long-range conventional precision-strike weapons, which supplement or even serve as an alternative to the global and regional roles played by nuclear weapons. These weapons are capable of striking an opponent's key capabilities early on in a conflict, without escalating to nuclear weapons. The recent use of cruise missiles in Syria is an example of this.

The Russian authorities have for years used computer network operations to acquire information about other countries' political decisions and military and economic affairs. There are currently well-established Russian institutions, first of all their intelligence agencies, running this type of operations, and these institutions have amassed considerable experience and skills. Together with China, Russia currently is the most active originator of network-based intelligence operations against Norway. A military cyber command has been in development since 2012, and will in the coming years boost Russia's ability to attack an opponent's military capabilities, including command and control.

Offensive cyber capabilities could come to play a strategic role. Actors such as China and Russia appear to be developing capacities in order to strike infrastructure and critical systems. Elsewhere, there have been instances of information operations making use of hacking.

I will now move on from more general developments to what this means for the High North and the Arctic. Russia has referred to the Arctic as its key strategic resource base in future, and like the other littoral Arctic states Russia therefore has a strong interest in keeping the High North and the Arctic a low-tension zone, and handle transnational challenges collectively. In recent years, this has become evident through Russia's efforts to portray itself as a responsible actor adhering to the law of the sea in the Arctic.

On the other hand, the change seen in the security climate has led to an erosion of trust between Russia and the West. This affects the cooperation climate in the Arctic negatively as well. As we have seen first in Ukraine and now in Syria, Russia is willing to use force when it considers it necessary to defend Russian interests. The situation in the Arctic is obviously quite different. Nevertheless, to Russia, the significance of the northern strategic direction has increased due to concern for NATO's and especially the United States' ability to project military power in the Arctic. This could prompt the Russians to view Arctic actors not just as individual countries with which Moscow seeks a good bilateral partnership, but also increasingly as members of a Western interest and defence alliance with strongly diverging interests to Russia. The likelihood of Russia pursuing an even more challenging foreign policy in the Arctic has therefore increased, especially on matters where Russia sees its vital interests at stake. These developments also mean that Russia could potentially employ a wider range of measures to influence and shape developments in the area.

A few years back, Russian Arctic rhetoric was characterised by terms such as “peaceful development”, “low tension” and “low military activity”. Now, Russian leaders such as defence minister Sergei Shoigu are increasingly referring to the need for ramping up military activity in the High North. Rhetoric is one thing, however – action is what counts. It is a fact that Russia recently established a new joint command in charge of much of the Russian Arctic, new airbases and coastal and air defence installations all along the northern Russian coastline and on the polar archipelagos, as well as a new army brigade at Alakurtti. Plans also exist for another brigade on the Yamal Peninsula, and new and modernised weapons systems are being supplied to all the services as we speak.

We are currently facing a new security policy landscape, where the continuous monitoring of Russian military developments in the High North is crucial.

Although the forces in the High North primarily serve a global strategic role, they are also a regional instrument to ensure Russian control there. The Northern Fleet’s strategic submarines are central to Russia’s nuclear deterrent. We assess that the Kola Peninsula will remain Russia’s key strategic nuclear base in future. Through the addition of new weapons and new technology, Russia is in the process of boosting its ability to use nuclear weapons and to protect its strategic capabilities and core areas. The range of these weapons enables them to cover much of European land, air and sea territory.

To some of you, this description sounds familiar, and the truth is that Russia’s basic military concept remains relatively unchanged since the Cold War. The country continues to believe that great power status and survivability depends on a credible and redundant nuclear first- and second-strike capability, as well as the ability to defend this capability whatever the cost. To Norway, the fact remains that this capability is located only a few kilometres from our north-eastern border.

Russia also continues to conduct its much debated strategic sorties with medium and heavy bombers close to Norwegian borders. A key purpose behind these sorties is the opportunity to demonstrate Russian ability to conduct operations with airborne strategic weapons. However, these sorties are also used for political posturing vis-à-vis western European countries. Generally speaking, air activity increased slightly in 2014, while air activity on the Kola Peninsula and adjacent areas and along the Norwegian coast remained largely unchanged from previous years.

Finally, I would like to emphasise that despite the considerable military and foreign policy changes we have seen, the Norwegian Intelligence Service’s assessment that Russia currently poses no direct military threat to Norway or NATO remains firm. A threat is a combination of capability and intent, and although Russia’s capability is increasing, it is currently hard to see a rationale for Russian military aggression against Norway or NATO in the short or medium term. The Ukraine crisis has played out in what Russia considers its privileged sphere of interest, meaning that it, politically speaking, has limited application elsewhere. On the other hand, intent is fluent, and Russia’s actions in Ukraine, its mounting economic crisis and increasingly unpredictable domestic policy situation makes it paramount to track political developments in the country closely in the time ahead.

There is a long term risk related to the combination of an over-ambitious authoritarian regime, an economic crisis and the brewing of potential internal unrest. Simply put; it has become increasingly difficult to predict Russian stability and possible courses of action in a 5-20-year perspective.

On the operational side, I initially highlighted three lessons learned from the Ukraine crisis. The Russian armed forces' substantially improved responsiveness and the transition from a mobilisation to a reinforcement concept has reduced the warning time for Russian military preparations and force build-up, in reality from months to days or weeks. Russia has also demonstrated an ability to integrate information and cyber operations, diplomacy and economic instruments with classic military power in comprehensive campaigns. From a military perspective, this means shorter warning time and a more complex potential opponent, against which a classic approach to military conflict would not suffice. It is especially important to note the importance Russia places on covert and deniable subversion. As its relationship with the West has cooled, we can expect an increase in such activities against our own spheres of interest, even in peacetime. To the alliance, this means that we cannot allow ourselves to be inflexible in our methods and our approach. In order to give our decision-makers as relevant and current threat perception as possible, we will have to continually update our methods and technology.

This week, the Norwegian government proposed to increase the budget of the Norwegian Intelligence Service by more than 25 %. This proposal reflects the need to continuously monitor regional and global developments in order to provide timely situational awareness and early warning in case of changes to the threat against Norway.