



National Emergency Supply Agency (NESA) goals for the 2023 Government Programme Security of supply and critical infrastructure protection are integral to comprehensive security

The intense shift in our operating environment highlights the uniqueness of Finland's security of supply and emergency preparedness. Many countries are looking to Finland for lessons in building security of supply – something that is routine for us. **Security of supply exists for the purpose of maintaining society's vital functions even in the event of a major crisis or disruption.**

In recent years, we have seen how our operating environment and security situation may change quickly, and why we cannot let the development of security of supply cease or slow down. On the contrary, now is the time to do more and better. In the coming years, the exceptional global situation caused by Russia's attack on Ukraine is a particular focus for security of supply.

Summary: A word from NESA to the next government

1. As new threats emerge, **the standards of security of supply must be redefined and it must be seen as a more integral part of comprehensive security.** Comprehensive security and national defence require the **effective protection of society's functions, including critical infrastructure** – military capability alone is not enough. The situation in Ukraine is proof of this. Only a functional and resilient society can guarantee effective military capability.

For the Government Programme: Widespread influencing and new threats primarily target civilian society and its critical infrastructure and social resilience. Security of supply is reinforced as part of comprehensive security. NESA is given total responsibility for coordinating the protection of critical civilian infrastructure during disruptions and emergencies under normal conditions.

2. The variety and number of threats have increased, but the resources for security of supply are dwindling. It is vital that the next government **secure the National Emergency Supply Fund's functioning** by strengthening its funding, for example. Furthermore, swift and permanent action must be taken to raise the annual yield of the strategic stockpile fee and dismantle the mechanism leading to the downward trend of the yield.

For the Government Programme: The security of supply funding system and the strategic stockpile fee are reformed to strengthen the financial base of security of supply operations and keep the National Emergency Supply Fund functional in the new security situation.

3. Finland's current security of supply model and operations are an excellent fit for implementing **the expanding and intensifying security of supply and resilience operations of the EU and NATO**, and the model should be developed with these in mind.

For the Government Programme: NESA is tasked with acting as the national point of contact for the EU's Critical Entities Resilience (CER) directive as well as developing NATO resilience operations and maintaining the overall picture.



Reasons for NESA's views

Society's preparedness is equally as important as military defence

The exceptional global situation and new security environment call for increased attention to military threats in terms of preparedness. Military preparedness goes hand in hand with societal preparedness.

Finland has resourced its necessary military defence well, but the adequacy of security of supply in the face of mounting challenges has been neglected. Only a functioning society can guarantee effective military capability. If society's resistance fails, military preparedness will suffer and resources needed for military defence will be spent on maintaining the functions of society.

Sufficient resources are required for security of supply operations as part of comprehensive security. **The funding of the National Emergency Supply Fund must be readjusted quickly, or Finland's model of comprehensive security will be rendered ineffective.** The COVID-19 pandemic and Russia's war of aggression have demonstrated the importance of security that accounts for all members of society and, therefore, society as a whole.

The disparity between increasing threats and dwindling resources must be remedied

For 30 years, NESA has cooperated with the public, private, and third sector to plan, develop, and implement ongoing preparedness for securing the private lives of citizens against disturbances during crises. Over the years, **security of supply has come to face new, increasingly multi-faceted threats while its resources have suffered a downward trend.**

Below are some examples of topical themes in security of supply with effects on and significance for all of society's ability to function that require measures from the next government.

- The objectives for the **physical protection of critical infrastructure** must be redefined in light of the new security environment and the selection of measures must be reinforced. In the new situation, a single entity must be given **total responsibility** for coordinating the protection of critical civilian infrastructure during disruptions and emergencies under normal conditions. Public and private operators must prepare together to thwart various hybrid operations. NESA has identified the key commercial and industrial targets for protection and works with an extensive network of authorities to protect them. The security of supply network includes some 1,500 businesses who provide data for situational awareness to support decision-making. **NESA needs the National Emergency Supply Fund to finance the protection of critical infrastructure – quickly, if need be.**
- Maintaining **digital security** is a constant race. If cybersecurity risks are realised in the healthcare or financial sector, for example, the consequences will be devastating in many ways. Cybersecurity costs make up an increasing portion of the security of supply budget. Founded by NESA, Suomen Huoltovarmuusdata Oy (Nesadata) provides data centre services to organisations critical to security of supply, and NESA has committed EUR 130 million to its Digital Security 2030 programme, which contributes to preparing society for new threats.



- **Information operations** aim to undermine social resilience and may be part of widespread influencing targeted at Finland. NESA is piloting a new centre of excellence focused on defence against information operations because this is a growing phenomenon that requires a prompt response. Determined preparations for information operations must continue.
- **Security of energy supply** requires special development in Finland as we head towards a carbon-neutral society. As our national energy consumption relies on the use of domestic fuels, a national network of terminals must be created and strong supply chains secured to enable delivery depots and strategic stockpiles. Furthermore, we must secure the availability of fuel peat for the transition period. To ensure sufficient electricity generation, the development of the electricity market must include incentives for reliable production capacity such as combined heat and power production, but the need for a security reserve must be investigated as well. The usability and development opportunities of hydropower must be guaranteed in addition to the other development needs and uses for water systems to safeguard security of supply in terms of the electricity system and energy regulation.
- **Climate change** and its many impacts were also top of the list in the World Economic Forum's recent Global Risks Report 2023. Finland is not safe from these risks. Their effects must be studied and analysed, and preparations must be made throughout from primary production to logistics and civil engineering.
- **Geopolitical threats and power politics** have awakened all of Europe to review interdependencies and how their disruption may even break global value and supply chains. The methods and backup arrangements for maritime logistics play a key role in reducing these vulnerabilities. For example, disruptions in the global economy may compromise the availability of pharmaceuticals, which is detrimental to the security of supply of healthcare. NESA produces special analyses of geopolitical threats and develops preparedness based on the results. In addition, NESA works in close cooperation with the Finnish Defence Forces to guarantee the military's security of supply and integrate military and civilian preparedness.

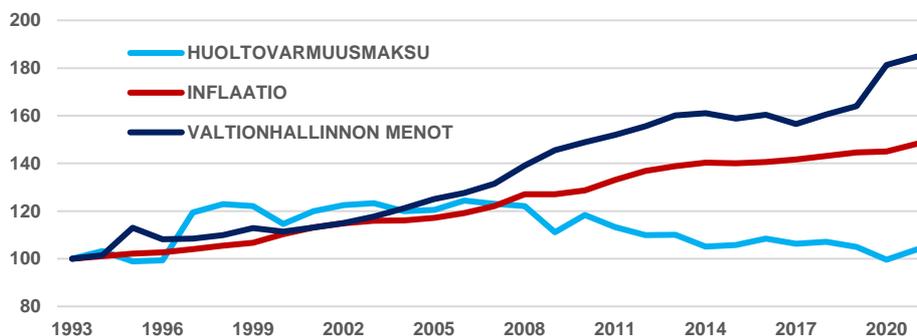
Different areas of society now expect more from security of supply. In addition to the above threats, some of them new, the basics of security of supply must be maintained and capacity must be reserved for handling various unforeseen security of supply needs and emergencies.

The level of the strategic stockpile fee was set 30 years ago and has not been raised since. The fee yields about EUR 40 million annually, which is nowhere near enough to cover security of supply costs even in the current situation.

Security of supply funding is largely dependent on fees based on fossil fuel use. **There is a need to bolster preparedness while the yield of the strategic stockpile fee is falling due to the reduced use of fossil fuels.** This transition in energy sources is good and necessary in itself, but necessitates a reform of security of supply funding. Security of supply now extends to more of society's functions, which means a broader base for fees.



Figure 1. The development of the strategic stockpile fee (light blue), consumer prices (red), and central government expenses (dark blue), 1993 = 100.



Sources: Statistics Finland and NESA's financial statements.

The demand for security of supply in different areas of society has increased constantly, and the rate has only increased recently. Security of supply now extends to a wider variety of society's functions. Meanwhile, the complexity of the protected systems and the external threats and their consequences has increased. For these reasons, it is absolutely necessary to set the level of funding for security of supply to guarantee goal-oriented and effective security of supply operations.

International resilience efforts must mesh with national security of supply

Finland's security of supply must be considered as a part of international resilience efforts. Both the EU and NATO are increasing their focus on the crisis tolerance of society. For years, NESA has carried out the resilience work now started by the EU under the CER directive and by NATO as part of joint defence planning. In addition, NATO's civilian preparedness and resilience operations closely match Finland's security of supply concept.

Finland's membership will change the nature and protocol of our cooperation with NATO to close and at least partially binding activities. This will also affect functions related to resilience, civilian preparedness, and security of supply, which must stay at the core of Finland's cooperation with NATO.

The EU's CER directive requires the Member States to prepare a national strategy for reinforcing their resilience. A steering model for achieving strategic objectives must also be defined, in addition to a national point of contact and the competent authority or authorities who support and monitor the resilience of critical entities. A significant portion of CER's areas of responsibility are already included in the security of supply system. **NESA is the natural choice for the national point of contact described by the CER directive and for developing NATO resilience operations and maintaining the overall picture.**