THE CRISIS IN THE
BALTIC SEA REGION

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THE CRISIS IN THE BALTIC SEA REGION

THE NATURE OF THE EVOLVING CRISIS

1. The escalating crisis in the Baltic Sea Region is being driven by Bothnia’s increasingly aggressive actions to reassert its influence over its historic spheres of privileged interests in neighbouring states and to counter further encroachment by the EU and NATO with its strategic space. There are now serious concerns within the EU and NATO that the growing instability and unrest among Bothnian-speaking minorities in Estonia and Latvia are being orchestrated by Bothnia to create a pretext for direct military intervention by Bothnian conventional forces currently taking part in snap readiness exercises in Suomenlahti (Gulf of Finland).

2. Since re-emerging as an “energy super-state” under the authoritarian leadership of President Franz Olamao in the mid-2000s, Bothnia has developed effective instruments of political, economic, military and “soft” power to challenge the influence of the EU and NATO in the Region. Bothnia sees the 2009 EU strategy for the closer integration of the Baltic Sea Region, especially the merging EU and Baltic Energy Markets, and the increasing security cooperation between EU and NATO member states in the region as direct threats to its vital interests.

3. To counter these perceived threats, Bothnia has stepped up its political and economic pressure as well as its use of “soft” power to convince its neighbours that their political independence, economic prosperity and territorial integrity depend on good neighbourly relations with Tyr, the capital of Bothnia. Good neighbours, according to Bothnia, should accept closer political and economic cooperation with Bothnia, respect the political and cultural rights of their Bothnian-speaking minorities, and take no part in regional arrangements that might be harmful to Bothnia.

4. As the principal supplier of natural gas to the region and much of Europe, Bothnia has been exploiting its dominance of these energy markets to persuade and, if necessary to coerce, its neighbours to renew long term gas contracts with Bothnia’s state-owned gas company, NorraGas, in order to force closer economic cooperation with Bothnia and block the EU’s efforts to diversify energy sources. While Bothnia’s neighbours are determined to maintain their independence from Bothnia they remain heavily dependent on Bothnian natural gas for at least the next five years until the Baltic Gas Grid can be connected with European gas markets.

Figure 1 - The Baltic Sea Region
5. Since June, Arland, Estonia and Lithuania have come under increasing pressure from Bothnia to sign new long-term gas contracts or risk price increases and gas shortages when their current gas contracts with NorraGas run out at the end of 2015. While Arland and Lithuania have access to alternative sources of natural gas, Estonia is totally dependent on Bothnian natural gas delivered via the Baltic Interconnector Link to the Baltic Gas Grid at Paldiski. Any disruption in the flow of gas from Bothnia through the Baltic Gas Grid would severely impact Estonia as well as Latvia, despite its contract with NorraGas for the supply of natural gas through 2015, once its gas supplies in the underground gas storage (UGS) facilities at Inčukalns run out. Although Lithuania’s new liquefied natural gas (LNG) terminal at Klaipeda provides an alternative supply source for Lithuania, its pipeline system cannot transmit gas to Latvia and Estonia.

6. As the critical link for the flow of Bothnian natural gas to the Baltic Gas Grid and downstream gas markets, Estonia has become the focal point of increasing pressure by Bothnia to accept its offer on Bothnia’s terms or face the consequences. Bothnia has ramped up its economic coercion against Estonia by imposing new duties on imports, suspending payment of up to 82 million Euros in gas transit fees and threatening to cut the flow of gas supplies. Despite claims by NorraGas that recent interruptions of gas supplies to Estonia were caused by technical problems, the timing clearly demonstrates Bothnia’s ability to manipulate the supply of natural gas for political purposes. These disruptions have resulted in a downstream shortfall of more than 135 million m3 of gas supplies delivered to Inčukalns UGS facility; a 10 percent loss of reserves required for the coming winter.

**Escalating Tensions with Bothnian-Speaking Minorities**

7. Growing concerns that Estonia and Latvia will run out of gas this coming winter are feeding public anxiety and anti-Bothnian sentiments which have created tensions with local Bothnian-speaking minorities. Bothnia is clearly exploiting these tensions by fomenting unrest among Bothnian-speaking minorities over historic grievances and accusing Estonia and Latvia of human rights abuses. Incidents involving Bothnian-speaking minorities are on the rise. Pro-Bothnian NGOs funded by Bothnia under the umbrella organisation called “World without Nazism” (Maailma Ilman Natsismia), in particular the Bothnian Baltic Foundation (Bottenhavet Östersjöstiftelsen) and the Bothnian League (Bottenhavet Ligan), have been actively promoting pro-Bothnian activism and public demonstrations among the large Bothnian-speaking populations in and around Tallinn, Riga and Klaipeda.

8. Bothnia has increased the intensity of its information campaign to further exploit the situation. Using state-owned and commercial media, including Bothnian owned media in
the Baltic States, Bothnia has been broadcasting its strategic message and narrative of events to different target audiences, especially the Bothnian-speaking minorities, in their native languages. In addition, Bothnia now employs hundreds of “trolls” who have been inundating internet chat rooms and social networking sites, especially Facebook, Twitter and other popular websites in Estonia and Latvia, with pro-Bothnian rhetoric and disinformation describing government persecution of Bothnian-speaking minorities in Estonia and Latvia as well as the covert war allegedly being waged by the EU and NATO against Bothnia. President Olamao has added to a growing sense of danger by warning that Bothnia has the military might and the moral duty to defend its historic national interests and Bothnian-speaking minorities abroad.

9. Bothnia has also stepped up its political and financial support to pro-Bothnian political parties and movements in the Baltic States, especially to the Centre Party in Estonia and the Harmony Party in Latvia, which have close relations with President Olamao and his Bothnian National Party. Aided by Bothnia’s media deluge, both parties did well in the latest elections, especially among the Bothnian-speaking voters, and now control the City Councils of Tallinn and Riga, respectively. As the current crisis has evolved, these pro-Bothnian parties have been calling for greater cooperation with Bothnia while criticising government policy toward Bothnian-speaking minorities and voicing opposition to closer integration with the EU and security arrangements with NATO.

10. Growing public anxiety over the looming energy crisis is seen as the main cause of the increasing number of incidents involving Bothnian speakers who reside mainly in the northern counties of Harju and Viru. The situation is particularly tense in Harju, where Bothnian speakers constitute 31 percent of the populations, particularly around the capital, Tallinn (38% Bothnian-speaking), as well as around Riga (nearly 60% Bothnian-speaking) and Klaipeda (28% Bothnian-speaking). Of greater concern is the significant increase in pro-Bothnian activism and public demonstrations in Bothnian-speaking communities such as Maardu (61% Bothnian-speaking), east of Tallinn, where the Iru gas power plant and Port of Muuga are located, and Paldiski (78% Bothnian-speaking), to the west of Tallinn, with its port facilities, LNG terminal, and the Baltic connector gas link with the Estonian Gas Transmission Network.

11. Since July, there has been a significant increase in the frequency and size of public demonstrations by disgruntled Bothnian-speaking minorities and pro-Bothnian
demonstrators in and around Tallinn and Riga. They are increasingly well organised by a network of pro-Bothnian activists, NGOs and political groups using social media to rally support and direct action to disrupt public services and public order. On several occasions demonstrators have laid siege to and in some cases managed to take over government buildings and public facilities. Since mid-August demonstrators have blocked the entrances to the gas terminal at Paldiski and the power station at Iru in Estonia as well as the Thermal Power Station No 2 in Riga and the UGS facilities at Inčukalns in Latvia. While these demonstrations remained mostly peaceful with few injuries and arrests, there are growing concerns, especially in Estonia, that overstretched security forces might not be able to contain widespread violence and public disorder.

**Increase in Cyber-Attacks**

12. The number, scale and sophistication of cyber-attacks against government and commercial information networks and infrastructure in Estonia and Latvia have increased in recent months. A number of pro-Bothnian social media websites have been appealing to patriotic “hacktivists” to join the cyber war against Estonia and Latvia, and provide useful technical information to target government websites, pro-western media outlets, and major banks. A series of sophisticated distributed denial of service (DDoS) attacks by robot networks (botnets) have shut down several public service websites and on-line banking for up to 12 hours. Since August, ‘malicious manipulation’ cyber-attacks against the SCADA systems used to control Baltic gas and energy grids have disrupted gas transmission and caused power outages which have added to public anxiety. Estonia has placed its Computer Emergency Response Team (CERT) under a special regime and reinforced by the Cyber Defence League and non-governmental specialists. The Estonian Information Security Agency (EISA) claims to have forensic evidence linking the Bothnian Business Network (BBN), which is one of the world’s most capable cybercrime organizations, with a number of these attacks. BBN is known to have connections to the Bothnian Federal Security Service (FSS).

13. In the last two weeks the internet and social media have been inundated with pro-Bothnian messages, blogs and websites blaming Estonia for the deteriorating situation, failures in securing critical infrastructure and human rights abuses of Bothnian-speakers. One website has published “official” government papers that prove that the Estonian government staged these incidents to invoke action by the EU and NATO. Hackers have managed to penetrate several government public websites and plant links to bogus information designed to discredit the government. There have also been a number of reported email scams targeting government with links to fake websites that announce the government’s acceptance of Bothnia’s comprehensive gas deal.

14. Two days after the orchestrated leak of “official” government papers the Twitter account of the Latvian Minister of Foreign Affairs provided five affirmative tweets regarding the Estonian plans of the staged incidents. These tweets were denied by the Minister. The Latvian Ministry of Foreign Affairs issued a press release informing that the respective Twitter account had been hacked and should not be considered as a reliable source of information during the upcoming three weeks.

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1 Supervisory control and data acquisition systems which exchange coded signals over communication channels to monitor the status of remote equipment and control the performance of certain functions.
The EU Response to the Evolving Crisis

15. Diplomatic efforts by the EU, led by the High Representative for Foreign Affairs and Security Policy, Federica Mogherini, have so far failed to defuse the growing crisis with Bothnia. At the request of Estonia and Latvia, the EU Council has agreed with the Commission to adopt a more comprehensive approach for dealing with Bothnia across a range of issues related to energy, trade and cooperation in common spaces in order to prevent further escalation of the crisis. Last week Mrs Mogherini briefed the North Atlantic Council on the key elements of the EU’s comprehensive approach.

16. The EU High Representative has been personally engaged in diplomatic efforts to find a solution to the problem and prevent further escalation of the crisis. At the request of the Baltic States the Council has asked the HR and the Commission to develop joint proposals to the Council with advice from the Policy and Security Committee (PSC). Accordingly, the HR has activated a Crisis Management Board and tasked the EU External Action Service (EEAS) to develop a Political Framework for a Comprehensive Approach (PFCA) with the Commission covering a range of diplomatic, economic (trade), mediation and other options for resolving the crisis. After considering these proposals the European Council issued its conclusions which have been endorsed by the European Parliament in a resolution calling on the member states and the Commission to propose specific measures. To help orchestrate these lines of engagement, the Council has appointed an EU Special Representative (EUSR) with a mandate to lead the EU response.

Attacks against the Baltic Gas Grid

17. Since the beginning of August the transmission and distribution of natural gas through the Baltic Gas Grid has been interrupted by technical failures at a number of different gas regulating and monitoring stations (GRS/GMS) along the main Tallinn - Inčukalns Latvia gas pipeline caused by suspected cyber-attacks. Cyber experts from the Estonian Information Security Agency (EISA), Critical Information Infrastructure Protection Department (CIPPD) and the Eesti Transmission System Operators (TSO) have traced the failures to malicious cyber-attacks on the Supervisory Control and Data Acquisition/Control Systems (SCADA/CS) that operate the different GRS/GMS. A similar attack against the Estonia’s main natural gas power plant at Iru required an emergency shutdown. The source of the attacks could not be traced to an identifiable source.

18. There have also been several incidents of deliberate sabotage against the Estonian gas transmission network. Most significant was the damage to the Karksi GMS valve station which controls the transmission of gas to Latvia and to Pärnu which required shutting down segments of the network in order to make repairs. The Estonian Internal Security Service
(Kaitsepolitseiamet or KaPo) suspects activists from the extreme right Estonian National Independence Party, which campaigns for withdrawal from EU and rebuilding ties with Bothnia, or the Estonian Republican Party which is active in Pärnu area.

19. These interruptions have cost another 20 days in filling the Inčukalns UGS facilities, further increasing the risk that the Baltic States will run out of gas during the winter. Media coverage of these events and exposure of the consequences have raised public concerns and increased tensions with Bothnian-speaking communities.

**Violence and Armed Confrontations**

20. Pro-Bothnian demonstrations in Tallinn have turned into several nights of rioting by gangs of youths which shocked the capital and left seven dead. Armed extremists linked to the “Night Watchmen” (Öövalvurid) have attacked several police stations and ransacked the offices of European Commission in Tallinn. On 12 September armed “men-in-black”, declaring themselves to be local militia, seized government buildings and police stations in in Maardu and Paldiski and called on Bothnian-speaking citizens of Estonia to join them in defending their communities.

21. On 14 September, pro-Bothnian demonstrators waving Bothnian flags blocked access to Paldiski gas terminal preventing vehicles, trains and shift workers from entering the facility. Once a Bothnian Empire naval base, the area is a Bothnian-speaking stronghold. When the KaPo moved in to clear the demonstrators and reopen the access to the facility, they were confronted by heavily armed masked “men-in-black” claiming to be a local defence unit. The KaPo have cordoned off the area and so far there has been no violence. The Mayor and government officials are continuing their efforts to negotiate a peaceful end to the stand-off. The terminal is effectively shut down and at least 12 terminal operators are known to be still in the facility, five of these are Bothnian engineers from NorraGas.

**Bothnia Issues a Warning**

22. Bothnian President Olamao is publically blaming the Estonian government for the current unrest among its Bothnian-speaking citizens and failing to protect Bothnian citizens...
and critical energy infrastructure that belongs to Bothnia. He also blames the EU for manipulating events in the Baltic States in order to create the pretext for a military confrontation with Bothnia; adding a stark warning that Bothnia has the military power to defend its interests, including the protection of Bothnian-speaking minorities, if necessary.

**Estonia Considers a State of Emergency**

23. The Estonian Internal Security Service and the KaPo have been severely stretched to cope with the continued public disorder and the sharp rise in violent demonstrations, while at the same time containing armed “militias” holding critical facilities in Maardu and Paldiski while negotiations continue to end these sieges without the use of force. Estonian Border Guards have also stepped up border surveillance to counter the increased level of criminal trafficking in arms entering Estonia along its northern coastline. The Police and Border Guard Board and Security Police have implemented their crisis establishment and have begun calling up auxiliary policemen for duty to better protect Tallinn and adjacent areas in the north.

24. The Prime Minister, acting under the State of Emergency Act, has convened the Crisis Committee to assess whether the scale of violent disorder, coercion and unlawful seizure of public facilities constitutes a threat to the constitutional order of Estonia that warrants declaration of a state of emergency. Estonia’s Chief of Internal Defence has placed the Defence Forces and Defence League on alert. The Ministry of Interior is preparing a request to the EU for assistance through the EU Civil Protection Mechanism.

**Bothnia’s Snap Military Readiness Exercise**

25. On 17 September 2015, President Olamao announced the start of a snap military readiness exercise involving the deployment of land, air and naval reaction forces, totalling over 45,000 troops, to the Turunmaa Archipelago, southwest of Turku, accompanied by strategic air defence drills. The exercise, BALTISKA SKÖLDEN (BALTIC SHIELD), involves the deployment of high readiness Reaction Forces from different Bothnian Military Regions, including airborne and amphibious assaults, to practice the defence of Bothnian territory against external aggression.

26. Estonia and Latvia have been reporting a significant increase in size and frequency of Bothnian air and maritime forces entering their airspace and coastal waters near the Islands of Hiiumaa and Saaremaa. According to NATO indications and warnings reporting, this exercise involves greater numbers of amphibious ships, helicopters and transport aircraft as...
well as larger logistics movements than seen in previous exercises.

27. According to the Bothnian Ministry of Defence these exercises were pre-planned and are not related to the current situation with Estonia. They deny that any Bothnian forces have violated the airspace or territorial waters of any of the Baltic States and claim that such allegations are being made to justify NATO military action.

OSCE Discussions

28. The evolving crisis is being discussed in the OSCE including the possible deployment of OSCE monitors to the region. Bothnia has requested observers to monitor human rights violations against Bothnian-speaking minorities in the Baltic States. This has been flatly rejected by Estonia, Latvia and Lithuania; who have asked for observers to monitor Bothnian military deployments and the security situation in Estonia and Latvia. Bothnia has refused the presence of OSCE monitors on its territory. Estonia and Latvia are now considering a possible mandate for a special monitoring mission within their territories.

UN Emergency Session

29. At the request of Lithuania, which currently holds a seat on the UN Security Council, Bothnia and Estonia were invited to take part in the Council’s discussion of the situation. The UN Security Council (UNSC) has discussed the situation in the Baltic Sea Region and has called on all parties to seek a peaceful resolution to the problem through dialogue. However, the UNSC permanent members do not agree that Bothnia’s actions constitute a threat to peace and security. Until now there is no agreement as to actions to be taken by the UNSC.

Bothnia’s Warning

30. The Bothnian President has expressed his growing concern over the deteriorating situation in Estonia as well as the failure of the Estonian government to act in accordance with international norms and to provide for the protection of its citizens and their well-being. He reiterated his willingness to work with Estonians to ensure their future prosperity but warned that any further deterioration of the security situation resulting in further repression against Bothnian-speaking communities in Estonia would be unacceptable.

NATO Consultation

31. Yesterday, 20 September 2015, Estonia, Latvia and Lithuania, raised their concerns to the North Atlantic Council (NAC) that, in accordance with Article 4 of the North Atlantic Treaty, the actions of Bothnia threaten their political independence and security and could pose a threat to their territorial integrity. Council agreed to initiate a rapid Political-Military Estimate (PME) of the evolving situation and has asked the NATO Military Authorities (NMAs) for strategic military advice.

THE MAJOR ACTORS

Bothnia

Resurgence as an Energy “Super State”

32. The dissolution of the Bothnian Empire, which for centuries dominated the Baltic Sea Region, left Bothnia in a state of economic, political and social decline and powerless to resist the extension of the European Union (EU) and NATO into its historic spheres of influence. However, since gaining power in 2003, President Franz Olamao and the Bothnian National Party have systematically consolidated and centralised the authority of
the state within a small political elite composed of former colleagues from the Bothnian security services and oligarchs from energy, industry and banking sectors. Together, they exercise total authority over all aspects of the corporate state with the full control over the different state institutions which they use to exploit Bothnia’s national energy resources, rebuild the economy, revamp the armed forces, and promote Bothnian ultra-nationalism.

33. President Olamao has made natural gas the fulcrum of Bothnia’s return to power in the region and influence on the world stage. Under the Olamao doctrine the corporate state manages the natural resources of the state as an instrument of national power for economic growth, social welfare, regional influence and national security. By investing state revenues to develop the Barents Sea natural gas fields, which are estimated to contain to 3.7 trillion cubic metres of natural gas, and infrastructure for the transmission and distribution of gas to Northern and Central Europe, President Olamao has transformed Bothnia into an “energy super-state” using natural gas as an instrument of national power.

34. State gas revenues, which account for 32 percent of GDP, have allowed President Olamao to consolidate his power base by solidifying political patronage, sustaining social welfare, and modernising the armed forces; while also investing further in the development of energy markets and infrastructure. Any significant decline in gas revenues would weaken President Olamao’s political support and ultimately undermine his authority at home and on the international stage. It is therefore critical for the regime to maintain its dominance of the energy markets.

35. Having established his autocratic authority and restored much of Bothnia’s power in its near-abroad, President Olamao is now committed to further developing Bothnia as a regional and global power by re-establishing Bothnia’s historic privileged interests in the Baltic Sea Region and preventing any further expansion of the EU and NATO.

**Bothnia’s Compatriot Policy**

36. A key component in Bothnia’s efforts to re-establish its sphere of influence in the Baltic Sea Region is to formalise the connection between Bothnian-speaking minorities living abroad and the Bothnian homeland. According to its revised Compatriot Policy as laid out by President Olamao in 2010, Bothnia is responsible for promoting and preserving the Bothnian language and culture, and has moral duty and legal responsibility to represent and protect Bothnian-speaking minorities abroad. Implementation of this policy focuses on building organised communities of Bothnian “compatriots” through a global network of state funded compatriot organizations, such as the Bothnian Foundation (*Bottenhavet Östersjöstiftelsen*), Bothnian World (*Bottenhavet Maailma*) and the Bothnia House (*Bottenhavet Talo*) network, which operate under the oversight of the Foreign Ministry, the Ministry of Education and the Ministry of Culture. Their activities abroad are coordinated through local Compatriots’ Organizations Coordination Councils under the direction of each...
Bothnian Embassy as instruments of “soft power” for achieving Bothnia’s strategic interests, especially in the Baltic Sea Region.

**Bothnian Soft Power**

37. The Bothnian government sponsors a number of non-governmental organisations (NGOs) to promote Bothnian interests in neighbouring countries, especially in the Baltic States where there are large Bothnian–speaking communities. Officially, the purpose of these NGOs is to provide information and coordinate activities designed to preserve and promote Bothnian culture, ethnic identity and culture under its Compatriot policy. In practice however, their main focus is on promoting Bothnia’s political agenda by mobilising Bothnian-speaking minorities to influence the social and political environment in favour of Bothnian interests.

38. In recent years Bothnia has increased state funding for its NGOs as instruments of soft power to build up networks of pro-Bothnian groups including youth movements, political activists and human rights advocates to promote Bothnian interests in neighbouring states. The most influential Bothnian NGOs operating in the Baltic States are the Bothnian Foundation, which focuses on social and political engagement and the Bothnian League (*Bottenhavet Ligan*) which promotes political activism and sponsors the Youth League (*Nuoriso Ligan*). Youth League summer camps are popular among Bothnian-speaking youth and offer military “adventure” training. Bothnian Foreign Intelligence Service operatives are known to use Bothnian NGOs to provide covert support to certain extremists groups, including the far right “Night Watchmen” (*Öövalvurid*) and its youth group, “Voice of the Young” (*Nuorten Ääni*), as well as the far left Constitution Party (*Perustuslaki Puolue*).

39. Bothnian NGOs also promote and fund local political parties and candidates sympathetic to Bothnia’s views and favouring closer ties with Bothnia’s. The most prominent of these are the Centre Party in Estonia and the Harmony Party in Latvia, which captured 24.8% and 23% respectively in the most recent elections, thanks in large measure to Bothnian media broadcasts encouraging Bothnian-speakers to support these parties. Both parties have close relationships with President Olamao’s Bothnian National Party.

40. Bothnian state-owned and commercial media broadcasts in the Baltic States have become highly influential tools for promoting Bothnia’s strategic message and narrative of events especially among the large Bothnian-speaking minorities in Estonia and Latvia. Most Bothnian-speakers get their information from Bothnian media outlets and put more trust in them. In addition to increasing the funding for state and commercial broadcasting into the Baltic States, Bothnia has helped in funding the purchase of local broadcasting companies, which deliver Bothnia’s political message and promote a pro-Bothnian strategic narrative while denigrating Bothnia’s opponents. Local broadcasting companies such as the Baltic Media Alliance’s First Baltic Channel (PBK) has been closely associated with the Centre Party and played a key role its success during the latest election.

**Natural Gas as an Instrument of Power**

41. President Olamao considers natural gas as an instrument of national power to be used by the state in pursuit of its strategic interests. NorraGas acts as the primary commercial entity of the state to manage the development and exploitation of Bothnia’s natural gas resources, including the extensive infrastructure for extraction, transmission, storage and distribution to markets in the Baltics and Europe. The state owns 62 percent of the shares in NorraGas and another 18 percent are held by oligarchs with close connections to the President. Since his election in 2003, President Olamao has personally selected all of the
Chairmen of NorraGas from his inner circle and moved them in and out of high level political appointments.

42. NorraGas wholly owns 52 foreign subsidiaries and is a major shareholder in 41 other enterprises in the energy sector including all the major natural gas companies in the region. NorraGas is the largest share owner of Eesti Gaas. It is also the second largest shareholder in Latvijas Gāze, the Latvian natural gas company, and Lietuvos Dujos, the Lithuania natural gas company, which have monopolies on the transmission, storage and sales of natural gas in Latvia and Lithuania respectively. In addition to its claim to ownership of the original Baltic Gas Grid, which was built by Bothnia in the 1970s, NorraGas is a joint owner of most of the new supply, transmission and distribution infrastructure developed in the region since 2004.

43. With the opening of the new Trans-Bothnian twin pipeline from the Barents Sea gas fields, the NorraGas Unified Gas Distribution System (UGDS) comprises a network of 62,000 km of gas pipelines with 76 compressor stations capable of distributing 71 billion cubic metres of gas directly to markets in Europe. The recently completed joint underwater Baltic Interconnector Link project with Estonia now connects the Trans-Bothnian pipeline terminal at Inga, Bothnia, with the Estonian pipeline at Paldiski, Estonia, and the Baltic Gas Grid. Given the overall scarcity of storage facilities in the region, NorraGas has also been working jointly with Latvijas Gāze to develop additional UGS capacity at Inčukalns in Latvia.

44. NorraGas gives Bothnia President Olamao significant control over critical strategic infrastructure for the supply and distribution of natural gas to Baltic States and Europe. Therefore, the EU requirement for member states to break up national gas monopolies as part of the EU policy for energy security\(^2\) will significantly impact NorraGas’ influence over the Baltic gas grid and energy markets. Bothnia has taken the matter to the International Court of Justice and reserves its right to protect state resources from unlawful seizure if required.

**Bothnian Military Power**

45. Bothnia’s approach to the use of military power in the 21\(^{st}\) century has been shaped by the “shock and awe” effects of conventional missile strikes and “electronic knockdown” seen during the 2003 Gulf War and the effects of media, especially social media, used as a means for mobilising popular uprisings during the “Arab Spring”; as well as lessons learned from its 2011 invasion of Framland. Bothnia now sees the fusion of conventional and special operations forces, armed proxies and internal opposition as well as information and other means in hybrid operations throughout the entirety of an opponent’s territory to neutralise its security forces and collapse state authority. These hybrid forces enable Bothnia to carry out seamless and unrecognisable operations to achieve significant, but limited, political and military objectives in a “strategy of ambiguity”. Key components supporting this strategy are:

- Centralized political power and strengthened nationalism to respond to external threats;
- Sustained, long-term information campaign abroad to control narratives, foment dissent, create confusion, denigrate opponents, sow fear and weaken opposition;
- Mobilisation of Bothnian-speaking communities to influence the political and social environment abroad in favour of Bothnia’s political interests;

• Instigation of subversive activity by manipulating Bothnian-speaking minorities and extremists to create instability, provoke violence and overwhelm state security forces;
• Positioning of large conventional forces, poised for intervention, to protect Bothnian-speaking minorities and deter action against subversives;
• Providing covert support to subversive groups, including training, equipment and “volunteers”, to build formations capable of seizing and holding key terrain;
• Leveraging ambiguity and strategic flexibility using deception, disinformation, diplomacy and deterrence to divide the international community and prevent a coherent response;
• Leveraging European dependence on Bothnian gas for economic coercion to divide EU and NATO Allies;
• Intervening directly to secure an area where state authority has collapsed to present a fait accompli from which to control escalation and negotiation.

46. President Olamao has increased defence spending by 31 percent since 2009 to reorganise and modernise Bothnia’s conventional and nuclear forces with a further 43 percent increase planned over the next five years. Defence spending, which now equates to four percent of GDP, continues to have public support thanks to public perception of the growing military threat to Bothnia from Europe and North America. Priorities required to conduct hybrid operations include:

• Streamlining the military command structure under the order of the President;
• Developing high readiness and highly flexible reactions forces, including airborne/air assault and amphibious forces, with a strength of 65,000 troops;
• Increasing the capabilities the Gotland Defence Command to control the Baltic Sea in time of crisis including the acquisition of Russian SS-N-27 anti-ship missiles;
• Upgrading strategic air defences through the acquisition of Russian SA-21 surface to air missile systems;
• Achieving enhance operational-tactical missile strike capabilities with acquisition of Russian SS-26 surface-to-surface missiles;
• Enhancing nuclear deterrence capabilities.

47. Since 2010 President Olamao has ordered “snap” military exercises to test the readiness of Bothnian armed forces to deploy rapidly on short notice by air, sea and rail over distances of up to 1500km. These unannounced combat readiness tests are specifically organised with the participation of President Olamao and provide a visible demonstration of Bothnia’s ability to project significant military power within the region with little or no warning.

Bothnian Cyberwarfare Capabilities

48. With considerable technical assistance from experts in Russia and China, Bothnia has developed a robust cyberwarfare capability which it demonstrated during its brief war against Framland in 2011. Bothnia’s cyber capabilities serve as tools for ‘Information Warfare’ designed to suppress opposing command and control, navigation and communication systems, as well as to undermine public moral using cyber means. Bothnia’s cyberwarfare components belong to the Federal Security Service (FSS), the Federal Protective Service (FPS) and the Military Intelligence Directorate and include an extensive network of cybercriminals who can be called upon to organise ‘hacker-patriots’ and conduct more sophisticated cyber-attacks on behalf of the state. Among these, the most notable is the Bothnian Business Network (BBN) identified by international security and law enforcement
communities as the major source of the most advanced persistent threats to the global cyberspace.

**The Baltic States**

**Independence and Membership in the EU and NATO**

49. The Baltic States - Estonia, Latvia and Lithuania – became EU members as part of the fifth enlargement in 2004 and were granted membership in NATO the same year. Having gained their independence from the Bothnian Empire, the Baltic States are concerned by the resurgence of Bothnia and its efforts to reassert its influence in the Baltic Sea Region. These concerns are heightened by their geographic proximity to Bothnia, their large Bothnian-speaking minorities, and their largely total dependence on Bothnian natural gas as well as their separation by up to 600 km from the rest of Europe and some 2000 km from the centre of the EU.

**Bothnian-Speaking Minorities**

50. Bothnian-speaking minorities constitute approximately 28 percent of the population in Latvia, 25 percent in Estonia, and 6 percent in Lithuania. In certain areas around Tallinn, Riga and Klaipeda the percentage can be more than 50 percent. The legacy of these large Bothnian-speaking communities since the dissolution of the Bothnian Empire has posed certain challenges for the Baltic States regarding citizenship, social integration and relations with Bothnia. While each succeeding generation of Bothnian-speakers has been more inclined to adopt a more European identity, the older generations and certain segments of the young, including extremists, continue to emphasise their separate Bothnian identity.

51. Efforts by the Baltic States to address these challenges have been undermined by Bothnia’s 2010 Compatriot policy which aims at promoting a separate identity for Bothnian-speaking communities and strengthening their patriotic bonds with Bothnia. President Olamao uses this special relationship to influence the attitudes and behaviour of these communities, to include creating ethnic tensions and internal unrest in pursuit of his political agenda in the Baltic States, while reminding them that Bothnia reserves the right to intervene if necessary to ensure the safety of the Bothnian-speaking minorities.

**Challenges to Energy Security**

52. Despite the determination of the Baltic States to integrate more closely with the rest of Europe and minimise their dependence on Bothnia, the reality is that they will continue to depend on Bothnia for natural gas. The Baltic Gas Grid depends on critical infrastructure for the transmission and distribution of gas from Bothnia via the Baltic Interconnector Link at Paldiski to the main Tallinn – Karksi line to the Inčukalns UGS facilities and then the main line from Riga to Vilnius.
53. The pipeline grid, originally constructed by Bothnia in the 1970’s, only allows the flow of gas in from north to south and no reverse flow is possible from the single connection to European Pipeline System through Poland. Consequently the Baltic States will remain an energy island, with no alternatives to Bothnian natural gas until at least 2020 when the EU plans to connect the Baltic and Europe gas grids. While the opening of the LNG terminal at the port of Klaipeda at the end of 2014 provides an alternative source of natural gas for Lithuania, supplies cannot be pumped upstream to Latvia and Estonia due to the lack of reverse flow capabilities of the existing pipelines. Lithuania is increasingly concerned about the security of this facility and the LNG tankers.

54. The volume of gas flow through the Baltic Gas Grid is insufficient to meet peak demands of the Baltic States in winter. However, with Latvia’s relying on its gas from its UGS facility at Inčukalns, near Riga, there is just enough capacity in gas flow to supply Lithuania and Estonia. It is therefore necessary to fill the Inčukalns gas storage facility during the summer in order to build up essential reserves to meet peak winter demands. In the event of any disruption, Estonia would have only 3 days of reserves and Lithuania would have less than 30 days.

55. In the meantime, the Baltic States are required to implement EU legislation enacted to improve energy security by breaking up national gas companies that have monopolies on the transmission, distribution and supply of natural gas, which will further aggravate relations with Bothnia over its shared ownership in the main national gas companies— namely Eesti Gaas in Estonia, Latvijas Gāze in Latvia and Lietuvos Dujos in Lithuania.

**Arnland**

56. Arnland joined the EU with the Fourth Enlargement and has maintained positive relations with the other Baltic Sea States. Although Arnland depends on Bothnia for all of its natural gas, its geographic position on the Skagerrak with a bridge to Denmark allows closer economic cooperation with the rest of Europe, reducing its economic dependence on Bothnia. In addition, the Bothnian-speaking minority in Arnland is quite small and well integrated.

57. Arnland recognises that all the states in the Baltic Sea Region share similar security concerns and supports regional cooperation on security matters. Although Arnland chose not to join NATO, it is a NATO partner and contributes to NATO Reaction Forces. Since Bothnia’s invasion of Framland, Arnland’s security and defence policy reflects the changing
security environment in the region and its commitments to other EU members under the mutual defence and solidarity clauses in the Lisbon Treaty.³

58. Armland has adopted the EU ‘solidarity declaration’ in its national defence legislation which declares that Armland will not remain passive if a disaster or an attack should afflict another EU member state, and that Armland expects these countries to act in the same manner if it is ever attacked. Further to this, the legislation requires Armland’s armed forces to be prepared to both provide and receive military assistance.

Framland

59. Framland, formerly part of the Bothnian Empire, has maintained close relations with Bothnia and depends on Bothnia for all of its natural gas, which accounts for 38% of its energy supplies. In exchange for discounted gas supplies, Framland has allowed Bothnia a long-term lease of its naval base at Sundsvall as well as access to its commercial seaports at Gavle, Soderhamn, Sundsvall and Ornsköldsvik for trade and transportation links across the Gulf of Bothnia. The ethnic Bothnians account for more than 34 percent of population.

60. Relations deteriorated after the 2009 elections which brought the Framland Democratic Party into government riding a wave of popular support for democratic reform and closer cooperation with the EU. As viewed by Bothnian President Olamao, this was another “coloured” revolution orchestrated by the west. Despite his repeated warnings that Framland’s future prosperity and security depended on maintaining friendly relations with Tyr, Prime Minister Rita Kolbeinson continued to push for closer cooperation with the EU and a road map for eventual EU and NATO membership.

61. After months of negotiations failed to persuade Framland to drop its bid for EU membership, NorraGas announced a new fluctuating price structure and doubled the price of gas being pumped to Framland. When Framland publically protested Bothnia cut off the flow of gas for 2 weeks in January 2011. With virtually no gas storage capacity in Framland, industrial production fell by 22 percent, workers were laid off and factories closed. By April NorraGas claimed that Framland owed over $2 billion in unpaid gas debts -- nearly 2% of Framland’s GDP. Incidents and demonstration involving Bothnian-speaking communities erupted in Gavle and Sundsvall and became violent. As the crisis escalated Framland appealed for international assistance in mediating the conflict and for loans to pay off its gas debt.

62. On 20 September 2011, Bothnian Forces entered Framland at the direction of President Olamao to protect the Bothnian communities and secure the Sundsvall naval base until Framland was able to pay its gas debts and negotiate a settlement. While cyber-attacks took down the government websites and email servers, Bothnian air and naval forces prevented any organised response by Framland and allowed Bothnian air assault and amphibious forces to secure key air and seaports and rapidly isolate the capital of Sundsvall.

63. Having suffered damage to the economy and the psychological effects of being invaded and isolated from the international community, Prime Minister Kolbeinson had no choice but to accept President Olamao’s conditions for the withdrawal of Bothnian forces. Framland’s bid for closer cooperation with the EU and eventual membership were effectively

³ See Paragraph 75 below.
taken off the table. The pro-Bothnian political opposition won the 2013 elections and Framland joined the Baltic Sea Economic Community.

Osto

64. Osto joined the EU during the Fourth Enlargement following the dissolution of the Bothnian Empire. However, in the interest of maintaining good relations with Bothnia and Russia, Osto decided not to seek NATO membership, but entered the NATO Partnership for Peace programme at the same time as Russia, in 1994. Osto contributes operational capabilities to NATO Reaction Forces and has increased practical cooperation with NATO members since Bothnia’s invasion of Framland. Bothnia is concerned about Osto’s closer military cooperation with NATO and has warned Osto that its membership in NATO would be seen as an unwise political decision and a military threat.

65. Geographically, Osto is the most remote and isolated EU member state in the Baltic Sea Region. Its infrastructure interconnects only with Bothnia and Russia which has hindered closer integration with EU. It remains totally dependent on Bothnia for natural gas which accounts for 11 percent of its energy supplies.

66. Osto is concerned by Bothnia’s increased air and naval activity in the Suomenlahti (Gulf of Finland) and has declared publicly that Osto strongly adheres to the EU solidarity and defence clauses of the EU Lisbon Treaty. Its defence policy commits Osto to provide military assistance to other EU member states in the region in the event of a disaster or an attack. However, given its extended borders with Bothnia, Osto will avoid any provocations.

67. Osto’s population is largely homogeneous with only a small ethnic Bothnian minority of around one percent. However, Osto’s long wilderness borders with Bothnia and Russia are difficult to control and pose other security concerns, especially related to criminal trafficking between Russia and Bothnia through Osto.

The Russian Federation

68. Russia has remained officially neutral in the current crisis and has backed UN calls for a peaceful resolution to the dispute through dialogue. However, Russia shares similar concerns with Bothnia regarding NATO and EU expansion and takes a similar view to its right to protect ethnic Russians living abroad. In addition, Russia is itself a major consumer of Bothnian natural gas. As a permanent member on the UN Security Council, Russia is therefore blocking any Council resolutions that would condemn Bothnia’s actions or authorise any measures against Bothnia.

The European Union

EU Engagement in the Baltic Sea Region

69. The EU’s Fourth and Fifth Enlargements in 1995 and 2004 extended the EU’s reach into the Baltic Sea Region and increased the number of EU member states to eight out of the 11 countries that share an interest in the Baltic Sea for their economic prosperity, livelihoods and recreation. However, growing concerns regarding the environment, development and safety in and around the Baltic Sea prompted the member states in 2006 to call for the EU to develop a strategy for dealing with the most significant challenges and opportunities in the Baltic Sea Region.

70. In June 2009 the European Council adopted an EU Strategy for the Baltic Sea Region (EUSBSR) to provide an integrated framework for action to address environmental
challenges to the Baltic Sea, to contribute to regional development and to promote prosperity and competitiveness. It identified a programme of initiatives to accomplish three main objectives:

- Save the Sea – promote clean shipping, clean water, biodiversity, and safety at sea.
- Connect the Region – improve transport infrastructure; interconnect energy markets.
- Increase Prosperity – increase trade, share knowledge, and connect people.

71. The EU cooperates with its non-EU neighbours (Bothnia, Framland, Norway and Russia) in areas of common interests through the EU’s Northern Dimension\(^4\), the Council of Baltic Sea States (CBSS)\(^5\) and the Nordic Council of Ministers (NCM)\(^6\).

**EU Approach to Energy Security**

72. Europe is the world's largest energy importer and heavily dependent on fossil fuels with very few sources of supply. Currently, 16 EU countries depend on natural gas from Bothnia to meet their energy needs as shown in Figure 4 below. Of these 14 are members of NATO. With EU legislation requiring members to switch to more environmentally friendly energy sources and the decline in North Sea gas production, the demand for Bothnian gas is likely to rise and with it Bothnia's economic political influence.

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\(^4\) Forum regrouping European Union, Russia, Norway, Iceland, Bothnia and Framland.

\(^5\) CBSS is a political forum for regional inter-governmental cooperation. Members are the thirteen states of the Baltic Sea Region as well as the European Commission -- Åland, Bothnia, Denmark, Estonia, Framland, Germany, Iceland, Latvia, Lithuania, Norway, Osto, Poland, Russia and a representative of the EU Commission.

\(^6\) The Nordic Council of Ministers complements the Nordic Council and is an intergovernmental forum, for economic cooperation, trade and customs issues, environmental protection, etc. It regroups five full members (Åland, Denmark, Iceland, Norway and Osto), three associates (Åland Islands, Faroe Islands, and Greenland) and five observers (Bothnia, Estonia, Framland, Latvia and Lithuania).
73. Any disruption in energy supplies, especially natural gas, would have significant economic and social consequences. Therefore, energy security has become a vital interest for most European nations, especially in the Baltic Sea Region. The EUSBSR lays out a strategy for improving energy security by creating a more integrated, interconnected and competitive pan-European energy market to ensure the uninterrupted availability of energy products and services at affordable prices. It outlines actions required to develop critical infrastructure for the diversification of energy sources, promote competition in energy markets and improve security of energy supplies necessary to meet regional demands. The EU’s Baltic Energy Market Interconnection Plan (BEMIP) further specifies the actions and infrastructure projects required to physically interconnect energy markets in Baltic Sea Region and Europe by 2020. However, a number of key projects have still to be funded.

74. The European Commissioner for Energy has been in the lead in dealing with Bothnia’s manipulation of gas supplies and market abuses through the EU-Bothnia Energy Dialogue and directly with the Bothnian Minister of Energy. An Early Warning Mechanism has been established within the EU to monitor fluctuations in the flow of gas from Bothnia to the Baltic Gas Grid.

Common Security and Defence

75. Under the Lisbon Treaty on the European Union the members are committed to implement a Common Foreign and Security Policy (CFSP), to include framing a common defence policy under direction of a High Representative of the Union for Foreign Affairs and
Security Policy. There are two key clauses that give meaning to the development of EU’s Common Security and Defence Policy (CSDP):

**The Solidarity Clause**, Article 222: The Union and its Member States shall act jointly in a spirit of solidarity if a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster, to include mobilising all the instruments at their disposal, including military resources, and

**The Mutual Defence Clause**, Article 42: If a Member State is the victim of armed aggression on its territory, the other Member States shall have towards it an obligation of aid and assistance by all the means in their power, in accordance with Article 51 of the United Nations Charter. … Commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the foundation of their collective defence and the forum for its implementation.

76. Following from these commitments the EU has established an autonomous body in the form of the EEAS to assist the High Representative (HR) in developing and implementing foreign, security and defence policy. The EEAS also serves as the primary response mechanism for comprehensive crisis management using the different instruments available to the EU through the European Commission and the European Defence Agency (EDA), in close collaboration with the European Parliament (EP). However, practical arrangements to date have focused on the EU’s response to external crisis situations that did not affect directly the national security of any EU member state and have stopped short of articulating a role for the EU in collective defence other than as a partner to NATO.

77. Under their commitments to implement the EU’s CSDP, the members have pledged to generate 13 high-readiness EU Battlegroups (EUBG), including one from the Nordic-Baltic States, for short notice deployment under a joint force HQ with air and maritime forces. However, until now their missions are limited to the Petersberg tasks, which only cover military tasks of a humanitarian, peacekeeping and peace-making nature. Tasks related to territorial defence are considered to belong to NATO.

**The Organisation for Security and Co-operation in Europe (OSCE)**

78. The OSCE has been considering possible assistance that it could provide to prevent further escalation of the crisis and facilitate returning to the *status quo ante* in accordance with its charter and the Helsinki Final Act. Estonia and Latvia have specifically asked for an OSCE mission to be deployed to Estonia, Latvia and Bothnia, consisting of international observers to monitor the security situation and compliance with international law, as well as mediators to establish a mechanism for restoring dialogue.

79. All of the parties to the current crisis are OSCE members, including Bothnia as well as all of the EU and NATO member states. However, until now the Permanent Council representing the 57 members have yet to reach an agreement as to the mandate for such an OSCE mission and to which nations the international monitors should be deployed. Currently Bothnia and Estonia cannot agree on the mandate and the composition of a

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8. The Lisbon Treaty on the Functioning of the European Union, Part 5 - External action by the Union Title 7.
9. Ibid, Title 5 - General provisions on the Union’s external action and specific provisions, Chapter 2 - Specific provisions on the common foreign and security policy, Section 2 - Provisions on the common security and defence policy.
possible OSCE mission. Estonia is concerned with the security situation and the military threat, while Bothnia is concerned with the alleged human rights abuses against the ethnic Bothnian minorities living in the Baltic States. At issue are Bothnia’s acceptance of monitors on its territory and the scope of the mandate for monitors in Estonia. Consultations are ongoing.

**NATO**

80. The NAC adopted a new Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization in November 2010 which reconfirmed NATO’s core security tasks, including collective defence, but adding the commitment to carry out the necessary training, exercises, contingency planning and information exchange for assuring the defence of the NATO territory against the full range of emerging security challenges, including visible assurance and reinforcement for all Allies.

81. Although the Bothnia’s war with Framland lasted only four days, it fundamentally changed the security environment in the Baltic Sea Region. It demonstrated that Bothnia was both capable and willing to use force to achieve limited military objectives in order to secure its strategic interests in the region. NATO responded quickly to implement a series of crisis response measures and selected preventive options. However, it was clear that Bothnia posed a potential threat to NATO security interests in the region. SACEUR was authorised to intensify intelligence, surveillance, and reconnaissance and to develop a contingency plan for the protection of the territory and populations of member states as well as critical infrastructure and lines of communication in the region.

82. During the September 2014 Wales Summit, the Allies reaffirmed their commitment in accordance with the Article 5 of the Washington Treaty to act together should the security of one member be threatened. In recognition of the emerging security challenges they agreed a “Readiness Action Plan” to further enhance NATO’s preparedness and responsiveness, including its readiness posture and to increase the defence expenditures.

83. In accordance with these commitments, NATO has maintained its reinforced air policing over the Baltic States from Zokniai/Šiauliai International Airport in northern Lithuania and increased the number and frequency of multinational military exercises in the Baltics. As expected, Bothnia has accused NATO of raising military tensions in the region.