



# Delhi Policy Group

Advancing India's Rise as a Leading Power



## FOCUS EUROPE

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**Delhi Policy Group**

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At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

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*The views expressed in this publication are those of the authors and should not be attributed to the Delhi Policy Group as an Institution.*

### Cover Images:

1. President of Finland, Dr Alexander Stubb, delivered an inaugural address at the Raisina Dialogue 2026 held in New Delhi from March 5 to 7, 2026. Source: [Raisina Dialogue-ORF](#)

2. Prime Minister Narendra Modi addressing the joint press meet with the President of the Republic of Finland, Dr. Alexander Stubb, at Hyderabad House on March 5, 2026. Source: [PMO India](#)

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**Focus Europe:**  
**Strategic Complementarity: The India-Finland Partnership**

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# Strategic Complementarity: The India-Finland Partnership

by

Ambassador Ruchira Kamboj & Arshiya Chaturvedi

## Executive Summary

Finland is a Nordic EU member state located in Northern Europe. Located between the Baltic Sea, the Arctic, and Russia, it is one of the EU's largest yet least densely populated countries. Known for institutional excellence and technological innovation, Finland's geostrategic importance is heightened by its Russia border. Yet economic woes, an aging population, heavy debt, and external pressures, have triggered a contraction.

This backdrop frames India-Finland ties, a longstanding and steadily expanding bilateral relationship, though largely untapped. Finnish President Alexander Stubb's recent visit to India (March 4-7, 2026), his first as president, aimed to change that.<sup>1</sup> During his visit, Stubb held a high-level meeting with Prime Minister Modi, and the two sides signed major MoUs and made announcements across wide-ranging areas to boost ties.<sup>2</sup> He also participated in the 11th Raisina Dialogue (March 5-7, 2026) as Chief Guest, co-inaugurating the event with the Prime Minister.

At his keynote address, Stubb highlighted India's multi-alignment policy as a pragmatic template for navigating complex geopolitics, noting the Global South's growing influence in shaping the world order. He also underscored India-Finland convergences, shared geographic vulnerabilities, and a values-based realism, pointing to clear avenues for deeper cooperation.<sup>3</sup>

Against this context, this brief examines Finland's strategic landscape and its ties with India to identify areas of convergence that can strengthen bilateral cooperation and resilience.

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<sup>1</sup> Media Center. "Visit of President of the Republic of Finland to India (March 04 - 07, 2026)." Ministry of External Affairs, Government of India, 2026. [https://www.mea.gov.in/press-releases.htm?dtl/40841/Visit\\_of\\_President\\_of\\_the\\_Republic\\_of\\_Finland\\_to\\_India\\_March\\_04\\_07\\_2026](https://www.mea.gov.in/press-releases.htm?dtl/40841/Visit_of_President_of_the_Republic_of_Finland_to_India_March_04_07_2026).

<sup>2</sup> PM India. "India - Finland Joint Statement on the State Visit of President of the Republic of Finland." Pmindia.gov.in, 2026. [https://www.pmindia.gov.in/en/news\\_updates/india-finland-joint-statement-on-the-state-visit-of-president-of-the-republic-of-finland/?comment=disable](https://www.pmindia.gov.in/en/news_updates/india-finland-joint-statement-on-the-state-visit-of-president-of-the-republic-of-finland/?comment=disable).

<sup>3</sup> President of Finland. "Inaugural Address by President of the Republic of Finland Alexander Stubb at the Raisina Dialogue 2026 in New Delhi, India, on 5 March 2026 - Presidentti." The Republic of Finland, March 5, 2026. <https://www.presidentti.fi/en/inaugural-address-by-president-of-the-republic-of-finland-alexander-stubb-at-the-raisina-dialogue-2026-in-new-delhi-india-on-5-march-2026/>

## Finland's Geopolitical Contours

### *Security Landscape*

Finland's security environment has been both complex and critical, marked by a long border of 800 miles and a strained history with Russia. This complex proximity has fundamentally shaped Finland's political and security strategies over time, continues to do so today, and is also reflected in the broader European security architecture. Post its independence from the Russian Empire in 1917, Finland engaged in a series of conflicts with the Soviet Union, beginning with the November 1939 Winter War, which was launched by the then USSR. This led to the Continuation War (1941–1944), which was initiated by Finland in cooperation with Germany with an aim to regain its lost territory in the previous war, but ended with the Moscow Armistice of 1944. In 1948, the two countries signed the Treaty of Friendship, Co-operation and Mutual Assistance, which remained in force until 1983, marking a period of relative stability.<sup>4</sup> During this time, Finland pursued a policy of political neutrality coupled with diplomatic pragmatism towards the Soviet Union.

Post-Cold War, Finland joined the EU (1995) and NATO's Partnership for Peace (1994), contributing to NATO-led operations while maintaining military non-alignment to avoid provoking Russia. Until 2018, Finland–Russia relations reflected a phase of pragmatic energy cooperation. This was evident in Finland's approval of the Nord Stream 1 (completed 2011–12) and Nord Stream 2 (permitted in 2018) pipelines through its Exclusive Economic Zone, as well as the 2013–14 agreement with Rosatom for the proposed Hanhikivi nuclear project, later cancelled in 2022.

Russia's full-scale invasion of Ukraine in February 2022 marked a major recalibration in Finland's defence and security policies, prompting its expeditious joining of NATO in April 2023.<sup>5</sup> Since then, Finland has adopted multiple measures to bolster its defence capabilities at both the national and broader NATO and EU levels. These include a commitment to raise defence expenditure to at least 3% of GDP by 2029, withdrawal from the Ottawa Treaty, and the construction of a high-security border barrier along the Russian frontier, equipped with barbed wire, mesh fencing, surveillance cameras, and sensors.

Finland has also proactively supported Ukraine, providing approximately €3.1 billion in military assistance as of January 2026 under a ten-year bilateral security agreement.

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<sup>4</sup> Kauranen, Anne, and Johan Ahlander. "Factbox: A Brief History of Finland's and Sweden's Strained Ties with Russia." Reuters, May 12, 2022, sec. Europe. <https://www.reuters.com/world/europe/brief-history-finlands-swedens-strained-ties-with-russia-2022-05-12/>.

<sup>5</sup> Isoaho, Eemeli, Niklas Masuhr, and Fabien Merz. "CSS Analyses in Security Policy: Finland's NATO Accession." CSS ETH Zurich, September 2022. <https://css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-securities-studies/pdfs/CSSAnalyse310-EN.pdf>.

It further joined the UK-French “Coalition of the Willing” initiative in 2025 to support Ukraine’s security, though it has stopped short of offering to deploy troops to the conflict. Beyond Ukraine, Finland was among eight European countries that conducted a military reconnaissance mission to Greenland in January 2025, a move that drew the threat of retaliatory tariffs from the US, and is a participant in NATO’s Baltic Sentry operation, launched to safeguard undersea regional infrastructure following damage from incidents attributed to Russia’s shadow fleet.

Finland is a key Arctic actor, with globally recognised expertise in icebreaker design and construction. It is also embedded in NATO’s DIANA innovation network, hosting an accelerator and test centres focused on dual-use technologies such as advanced communications and quantum systems. In parallel, Finland has assumed a proactive role in European security, hosting the inaugural Eastern Flank Summit in Helsinki in December 2025 to strengthen coordination and advance more credible and unified defence capabilities along Europe’s border with Russia.<sup>6</sup>

### *The Socio-Economic Arc*

Finland has witnessed exponential socio-economic growth in the past 70 years or more, transitioning from a predominantly agrarian to an industrialised and technologically advanced knowledge-based economy. The transformation began in the 1960s with the development of wood-based and paper industries, as well as metal industries like shipbuilding, transport and electrical equipment. The first OECD Economic Survey of Finland, which was published in 1969 after Finland became a member of the OECD, noted that the Finnish workforce employed in agriculture had reduced to a quarter, while in industry it reached more than a third. Further, in the 1970s and 80s, Finland’s income per capita, which was previously very low in comparison to other robust EU economies like Germany and Sweden, increased to reduce the gap to less than 10%.

However, in the late 1980s and 1990s, Finland faced a sharp economic downturn, marked by a severe banking crisis, a deep recession in which GDP contracted by nearly 10 per cent, and the disruption of trade links following the breakup of the USSR. Unemployment also surged during this period, peaking at 18 per cent in 1994.

In the years that followed, Finland staged a strong recovery, driven by advances in education, innovation, and inclusive growth. Major companies emerged, most notably Nokia, which pioneered GSM-based mobile technology and dominated global

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<sup>6</sup> Stefano Fella . “Finland: New Security Outlook.” House of Commons Library, February 13, 2026. <https://researchbriefings.files.parliament.uk/documents/CBP-10499/CBP-10499.pdf>.

markets from the late 1990s into the early 2000s.<sup>7</sup> Finland has since consistently ranked among the world's leading innovation economies, placing 7th globally and 4th in Europe in the 2025 Global Innovation Index. Its research ecosystem remains highly competitive, marked by strong international scientific collaboration.<sup>8</sup> The country has also maintained a reputation for excellence in education and continues to stand out for its robust institutions and transparent governance, reflected in its consistently high ranking in the Corruption Perceptions Index, where it currently ranks second.<sup>9</sup> With a per capita GDP of approximately US\$53,000, Finland ranks among the wealthiest economies in the European Union<sup>10</sup>, while also being one of the most income and gender-equal societies globally.<sup>11</sup> It further distinguishes itself with consistently high rankings in global happiness indices, underscoring the depth of its socio-economic model.

More recently, however, Finland's economy, despite these structural strengths, has entered a phase of slowdown. This reflects a combination of external pressures, including global economic uncertainty, the prolonged Russia-Ukraine conflict, and evolving trade dynamics, alongside domestic structural challenges such as an ageing population, rising public debt, and elevated energy costs. Growth has remained subdued since 2021, with only marginal improvement in 2024 and continued stagnation through 2025. Unemployment has also remained elevated, reaching 9.5 per cent in 2025. Fiscal pressures are mounting, with the debt-to-GDP ratio projected to rise from 82.5 per cent in 2024 to 92.3 per cent by 2027. Weak consumer confidence, driven by high unemployment and sluggish growth, has further dampened private consumption. That said, the medium-term outlook is cautiously optimistic, with GDP growth projected to recover to around 1 per cent by 2027, unemployment easing somewhat to 9 per cent, and the fiscal deficit narrowing modestly over the same period.<sup>12</sup>

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<sup>7</sup> Christophe André. "This Is How Finland's Economy Has Changed since 1969." World Economic Forum, May 22, 2019. <https://www.weforum.org/stories/2019/05/from-forestry-and-heavy-industry-to-a-vibrant-knowledge-based-economy/>

<sup>8</sup> WIPO. "The Global Innovation Index 2025 ." www.wipo.int, 2026. <https://www.wipo.int/gii-ranking/en/finland>.

<sup>9</sup> HT. "Finland Ranks Second in Global Corruption Index." Helsinki Times, February 11, 2025. <https://www.helsinkitimes.fi/finland/finland-news/domestic/26116-finland-ranks-second-in-global-corruption-index.html>.

<sup>10</sup> The World Bank. "GDP per Capita (Current US\$) - Finland | Data." Worldbank.org, 2023. <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=FI>.

<sup>11</sup> European Institute for Gender Equality. "Gender Equality Index 2025 ." European Institute for Gender Equality, 2025. <https://eige.europa.eu/gender-equality-index/2025/country/FI>.

<sup>12</sup> Economy and Finance. "Economic Forecast for Finland Autumn 2025." European Commission , 2025. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/finland/economic-forecast-finland\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-member-states/country-pages/finland/economic-forecast-finland_en).

## India and Finland: From Steady Growth to Strategic Partnership<sup>13</sup>

The diplomatic relationship between India and Finland was formalised in 1949 when the latter appointed its resident Ambassador to India, which was its first in any Asian country. Over time, Finland has broadened and deepened its diplomatic footprint in India by establishing a consulate in Mumbai and multiple honorary consulates in other major cities of India, including Chennai, Kolkata, Bangalore, Hyderabad, and Ahmedabad, which was recently established in 2025. India opened its embassy in the capital of Finland, Helsinki, in 1968.

Through the years, this bilateral relationship has expanded steadily, with both sides fostering collaboration through Agreements and MoUs in diverse but key areas, including Education, R&D, Tourism, Defence Production, Meteorology, Environment, and Geology/Mining. There have also been several high-profile visits between the two countries, and the 2021 virtual summit between the two Prime Ministers marked a milestone, culminating in major collaboration announcements. These include a Digital Partnership covering future ICT, mobile technologies and digital education; a high-level dialogue on education; and a Sustainability Partnership spanning renewable energy, the circular economy and sustainable mobility. Moreover, the two leaders concurred on green growth as a key pillar of their bilateral cooperation.

With respect to bilateral economic relations, the two countries established a Joint Economic Commission in 1974 to boost trade and investment, while advancing cooperation in key sectors such as technology. The Commission last met in 2024. Over time, this institutional mechanism has yielded positive outcomes, with India–Finland merchandise trade growing steadily to reach US\$1,309.86 million in 2024–25<sup>14</sup>. India's exports to Finland are led by pharmaceuticals, apparel, textiles, metal manufactures, and electrical machinery, while imports are dominated by specialised industrial machinery, electrical equipment, paper, metalliferous ores and scrap, and general industrial machinery.

Investment has also emerged as a critical pillar of the relationship, with both countries contributing meaningfully to each other's economic growth. Finland's total FDI flow to India as of 2025 stood at US\$ 573 million<sup>15</sup>. Over 100 Finnish companies, including

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<sup>13</sup> Brief Embassy Report – ITJ Division, DGCI&S, Kolkata. "India-Finland Bilateral Relations." Ministry of External Affairs, the Government of India, n.d. <https://doi.org/10.15373/22501991/jan2014/25>.

<sup>14</sup> Department of Commerce, Ministry of Commerce and Industry, Government of India. 2025. "Total Trade: Country-wise". [https://tradedat.commerce.gov.in/eidb/country\\_wise\\_ttrade](https://tradedat.commerce.gov.in/eidb/country_wise_ttrade).

<sup>15</sup> Department for Promotion of Industry and Internal Trade (DPIIT), Government of India. 2025. Quarterly Fact Sheet: Fact Sheet on Foreign Direct Investment (FDI) Inflow, April 2000 to June 2025 (Updated up to June 2025). <https://www.dpiit.gov.in/static/uploads/2025/11/4128971a6c7fd4a7653ca9e648a5f34b.pdf>.

Nokia and KONE, have been operating in India since the 1980s and 1990s, contributing actively to the economy and significantly augmenting Finland's overall investment footprint. India has been Nokia's most strategic market since 1995 and is also among the top 10 high-growth regions. Its total investment in Finland stands at US\$ 1 billion, with as many as 30 Indian companies, predominantly from the software and consultancy sector, being present.

India-Finland collaboration has also deepened in the innovation and start-up space. Tech Mahindra, for instance, inaugurated an Innovation Centre in Espoo in September 2023, signalling growing industry-led engagement. This builds on earlier initiatives such as the India-Finland Start-up Hub, launched in 2021 to connect entrepreneurial ecosystems in both countries. Indian startups have also maintained a consistent presence in Finland's start-up exhibitions since 2017, reflecting a steadily expanding innovation partnership.

Technology and digitalisation have been central to the India-Finland bilateral relationship, with increasing levels of cooperation. India's MEITY and Finland's Minister of Economy signed a Joint Declaration of Intent on cooperation in the field of digitalisation in 2019, with designated coordinators from both sides to facilitate its implementation. Multiple B2B engagements have brought together ICT companies from both countries to explore partnership opportunities, particularly in digital and technological domains.

The Indian side is also actively collaborating with Finland in 5G/6G technologies, in which the latter ranks among the world's leading players. As one instance, the University of Oulu in Finland has signed MoUs on collaboration in 5G/6G wireless communication technologies with Indian companies, including Wipro Limited (2019) and Reliance Jio (2022). Moreover, in 2023 Nokia established a first-of-its-kind 6G lab in Bengaluru, India, to undertake research in foundational 6G technologies, including Network as a Sensor, Network Exposure, and Automation.

Collaboration gained significant momentum during the Finnish President's visit to India in March 2026<sup>16</sup>, which marked a turning point in bilateral ties. At its core was the decision by the two leaders to elevate the relationship to a "Strategic Partnership in Digitalisation and Sustainability," signalling a shared commitment to deepen cooperation in future-oriented sectors.

The visit, accompanied by a high-level delegation that included Finland's Ministers for Climate and the Environment and Employment, as well as senior officials and

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<sup>16</sup> Supra Note 2.

business leaders, translated this vision into a set of concrete outcomes. These included agreements on migration and mobility, environmental cooperation, and statistics, alongside the establishment of new institutional mechanisms such as a Joint Working Group on Digitalisation, a Joint Task Force on 6G, and a Consular Dialogue.

The partnership was further reinforced through initiatives aimed at strengthening innovation and economic linkages, including the development of an Indo-Finland Startup Corridor, a joint research initiative between India's Department of Science and Technology and Business Finland, and the co-hosting of the World Circular Economy Forum in India in 2026. Both sides also underscored the importance of leveraging the India-EU FTA and set an ambitious target of doubling bilateral trade by 2030

### Next Steps in Strategic Convergence

India and Finland's complementary strengths in technology and the digital economy offer perhaps the most immediate ground for transformative collaboration. Finland has built one of the world's most sophisticated digital ecosystems: near-universal household internet connectivity, widespread enterprise adoption of AI, cloud, and data analytics, and frontier expertise spanning 5G/6G networks, cybersecurity, quantum computing, and semiconductor technologies including microelectronics, photonics, and MEMS. Its ranking at the top of the Industry 5.0 Index<sup>17</sup>, which measures a country's capacity for human-centric, sustainable, and resilient industrial development, reflects a broader culture of innovation underpinned by a world-class R&D ecosystem. India, meanwhile, brings what Finland cannot easily generate domestically: scale, a vast and growing talent pool, expanding digital infrastructure, and one of the world's largest deployment markets. The convergence of Finnish technological depth with Indian scale and absorptive capacity creates conditions for accelerated innovation and enhanced global competitiveness for both.

Human capital and skill development represent a natural extension of this technological partnership, and one with particular strategic logic. Finland's world-class education system and research institutions have long been engines of high-technology innovation, but demographic ageing is creating structural talent shortages that cannot be resolved domestically. India, with its large and young workforce that is increasingly oriented toward high-skill sectors, offers a meaningful counterpart. Collaborative research initiatives, joint training programmes, and structured knowledge exchange would simultaneously address Finland's talent gap and deepen

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<sup>17</sup> Wyman, Oliver. "The Industry 5.0 Index: Nations Redefining Economic Progress." Oliver Wyman Forum, 2025. <https://www.oliverwymanforum.com/performance-reimagined/industry-5-0-index-human-centric-era-of-global-growth.html>.

India's capacity in advanced technology R&D, reinforcing the innovation ecosystems of both countries rather than merely serving one side's deficit.

Clean energy and environmental sustainability constitute a third pillar with significant mutual benefit. Finland has emerged as a serious innovator in clean hydrogen, battery ecosystems, thermal energy storage, smart grids, and circular economy solutions. India's green transition, however, is not simply a technological challenge, it is shaped by developmental priorities, political constraints, and extraordinary market diversity, which means that solutions must be inclusive and scalable across varied contexts and populations. This is precisely where the partnership gains depth: India's complexity is not an obstacle but a testing ground, one that can stress-test and optimise Finnish clean energy innovations for real-world conditions that are broadly representative of the Global South. The knowledge flowing back from that deployment experience carries value well beyond the bilateral relationship.

These sectoral convergences also create a foundation for more structured multilateral engagement. India and Finland bring distinct but complementary assets to global governance: India's scale, its digital public infrastructure, and its leadership credibility across the Global South, set against Finland's innovation capacity, sustainability expertise, and institutional standing within the EU. Together, they are well-placed to co-develop global norms on AI, data governance, and emerging technologies, and to advocate jointly for ambitious climate action, including equitable frameworks for green technology transfer and climate finance. Multilateral engagement of this kind would amplify the bilateral relationship beyond its immediate scope, lending it genuine strategic weight.

The broader significance of an India-Finland partnership lies precisely in what it could model for 21st-century cooperation. By combining Finland's comparative advantages in innovation, green technologies, and high-quality education with India's scale, digital infrastructure, and growing global influence, the two countries are well-positioned not merely to serve their respective national interests, but to develop a replicable template that integrates innovation with inclusivity and aligns national priorities with global responsibilities. In a world where traditional alliance structures are fracturing and countries are being pushed to diversify their strategic engagements, elevating this partnership, within the broader context of an accelerating India-EU relationship, is both timely and consequential.

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