



## Doing Business in Finland:

# 2013 Country Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in Finland

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### Market Overview

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Although well underway, just the sound of “The 21st Century” is still exciting. This is a time of astonishingly rapid change and a world of new and different challenges. Through an alignment of geopolitical, geophysical and economic factors we see the rise of the “New North,” where the impacts of climate change, a unique combination of sea, air and rail transport plus growing prosperity in Russia and Asia have presented a set of unrivalled new business opportunities. In many ways, Finland is the epicentre of this “New North” – a unique intersection of geography, infrastructure, education, good governance and business spirit.

Finland, an EU member since 1995, has redefined itself from a quiet agricultural based economy to a trend setting, global center for technology. Its commercial clout is far in excess of its modest 5.4 million population. Finland routinely ranks at the very top in international surveys of research and development funding, competitiveness, transparency, literacy, and education.

Helsinki, a pocket-sized green maritime metropolis, is a mere 3.5 hours from St. Petersburg via high speed train. In Finland, nature reigns supreme and it is no surprise that Helsinki was the site of the first LEED certified building in the Nordics. Finland, along with all its Nordic neighbors, have a focused interest in high-performance buildings that are energy and resource efficient driven by intelligent building products, services and technologies.

Contrary to popular misconception, Finland is not a part of Scandinavia. It shares with Russia a 900-mile long border, the longest contiguous land border in the EU. Slightly less than 40 percent of the EU’s overland transshipments into Russia go through Finland underscoring Finland’s role as a regional business hub complemented by its logistical capabilities. Russia is Finland’s largest trading partner and a variety of Finnish companies are successful in Russia, a challenging marketplace. We believe that there are opportunities for certain U.S. companies to exploit this existing business by providing U.S. goods via the Finnish corridor. Finland is capitalizing upon its unique position as the center of a rapidly developing marketplace formed by northwestern Russia, the Scandinavian countries, and the Baltic States, creating a marketplace with more than 80 million prospective consumers.

Two-way trade between the U.S. and Finland was about \$7.7 billion in 2012, chiefly in the electronics, paper, medical equipment, and telecommunications industries. The U.S. remains an important trading partner for Finland outside of Europe. Finnish imports of

U.S. goods and services in 2012 were valued at around \$2.6 billion. The U.S. was Finland's sixth largest customer after Sweden, Germany, and Russia, with Finnish exports of goods and services to the United States valued at about \$5.1 billion.

Finland is the only Nordic country to replace its national currency, the Finnish mark, with the euro. Finland has a largely homogeneous population. There are about 6,500 American residents in Finland and 179,000 visited the country in 2012, which was an impressive 44 percent increase from the previous year. The immigration rate from the U.S. to Finland has been steadily increasing and since 2005 has been consistent between 300 to 350 people every year. The GDP per capita estimate was \$46,200 in 2012.

## Market Challenges

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Finland's import climate is open and receptive to U.S. products and investments. While the domestic market is small, Finland can effectively serve as a base for business operations in the Nordic, Baltic, and/or Western Russian markets. There is one specific trade barrier that starkly contrasts with an otherwise remarkable transparent and predictable business environment.

## Market Opportunities

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- There are several opportunities driven by the new relationship with energy, Finland introduced a national long-term climate and energy strategy. Cleantech sector growth has been driven by smaller firms operating in the areas of new materials, smart grids, recycling, and measurement technologies. New cleantech areas to watch now include electric vehicle components and processes for EV manufacturing.
- Finland has been involved in the development of low-energy and eco-efficient construction alternatives since the late 1980s. Driven by a continuous challenge to decrease the energy use of the building stock, the Finnish building industry is committing to energy efficient and intelligent building products, services and technologies.
- Opportunities in the built-environment for energy efficient, high-performance building products sector are not limited to Finland. Europe, with its vast aging buildings is an exceptional opportunity. Embassy Helsinki hosts the League of Green Embassies, a unique vehicle to promote U.S. high-performance building products.
- The development of renewable energy in Finland is expected to offer opportunities for U.S. companies with innovative renewable energy technologies, processes, and equipment.
- Finland has expertise in developing computer software products and is looking for U.S. partners that can provide financial and other resources.
- Travel and tourism, American Airlines begins operations in Finland in May, 2011 enhancing connections between Finland and the U.S. by enabling outbound leisure travel and simplifying business travel.
- Finnish healthcare remains interested in state-of-the-art medical equipment.

- Finland-Russia border trade, nearly 40% of goods from the EU to Russia passes through Finland. Consumers in Russia remain interested in discretionary luxury goods.
- Finland's key regional logistics role will be enhanced by Rail Baltica, one of the priority projects of the European Union Trans-European Transport network. The project will link Finland, the Baltic States and Poland and improve the connection between Central and Eastern Europe and Germany. The plan is for a continuous rail link from Tallinn, Estonia, to Warsaw, Poland via Riga, Latvia and Kaunas, Lithuania. The Helsinki to Tallinn portion will be operated by existing commercial ferries.

## **Market Entry Strategy**

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Finnish businesspeople and consumers are sophisticated and conscious of quality and value. Prices in Finland, as well as throughout the Nordics, are high. Flexibility in consumer behavior and in Finland's distribution channels allows for a variety of market entry strategies. Representatives and distributors are common methods employed for initial market entry.

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## COUNTRY FACT SHEET: FINLAND

### PROFILE

Population in 2011 (Millions): 5

Capital: Helsinki

Government: Republic

### ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	240	237	263
Nominal GDP Per Capita (Current \$US)	44,849	44,136	48,783
Real GDP Growth Rate (% change)	-8.5	3.3	2.7
Real GDP Growth Rate Per Capita (% change)	-9.0	2.9	2.3
Consumer Prices (% change)	1.6	1.7	3.3
Unemployment (% of labor force)	8.2	8.4	7.8

Economic Mix in 2010: 29% All Industries; 18.9% Manufactures; 68.1% Services; 2.9% Agriculture

### FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Finland Exports to World	62,860	69,405	78,794
Finland Imports from World	60,830	68,246	83,862
U.S. Exports to Finland	1,662	2,181	3,156
U.S. Imports from Finland	3,985	3,884	4,417
U.S. Trade Balance with Finland	-2,323	-1,702	-1,262

#### Position in U.S. Trade:

Rank of Finland in U.S. Exports	60	55	50
Rank of Finland in U.S. Imports	44	49	51
Finland Share (%) of U.S. Exports	0.16	0.17	0.21
Finland Share (%) of U.S. Imports	0.26	0.20	0.20

#### Principal U.S. Exports to Finland in 2011:

1. Transportation Equipment (22.1%)
2. Computer & Electronic Products (17%)
3. Machinery, Except Electrical (13.2%)
4. Chemicals (11.7%)
5. Minerals & Ores (6.9%)

#### Principal U.S. Imports from Finland in 2011:

1. Chemicals (17.8%)
2. Paper (17.7%)
3. Computer & Electronic Products (13.9%)
4. Machinery, Except Electrical (12.6%)
5. Petroleum & Coal Products (11.6%)

### FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Finland (US \$Millions)	1,417	1,379	1,504
FDI in U.S. by Finland (US \$Millions)	5,415	4,949	5,511

### DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 11 of 185

Heritage/WSJ 2012 Index of Freedom Rank: 17 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Finland Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, but typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3238.htm>

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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One exclusive agent/distributor is usually appointed to cover commercial activities throughout Finland, mainly due to the relatively small size of the country's market. Finnish importers often represent many different product lines. In selecting a representative, the exporter should ascertain whether that company handles competing products. Consumer goods and similar merchandise requiring maintenance of stock are often imported through wholesalers or trading houses. Such products may also be sold directly to retail chains, department stores, and other retail outlets.

Contacting local trade associations for a list of importers is a good way of finding a distributor in Finland. Finnish importers attend major trade fairs in Europe and in the United States in order to find new products and ideas, but also to find new representation. The Commercial Section of the U.S. Embassy also assists in finding agents/distributors for U.S. exporters through an International Partner Search (IPS), a matching Gold Key Service (GKS), or other networking activity.

### Establishing an Office

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Please visit [http://www.investinfinland.fi/services/setting-up-a-business/en\\_GB/setting-up-a-business/](http://www.investinfinland.fi/services/setting-up-a-business/en_GB/setting-up-a-business/) for information on establishing an office in Finland.

## Franchising

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The Finnish franchising market is estimated to be over \$6 billion with close to 300 franchising systems operating over 7,000 units around the country. Characteristic for the Finnish franchising market is the local origin of concepts, only one-quarter of the franchising systems are foreign-owned.

There are no specific statutes regulating franchises, but as with distribution agreements, a number of statutes affect franchise operations directly.

For more information on franchising, see Chapter 4: Leading Sectors for U.S. Export and Investment.

## Direct Marketing

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Direct Mail (including telemarketing, mobile marketing and brochures) comprised 22.4 percent of the total marketing communication investments in 2012 which was a 2 percent decrease from the previous year. The total amount of direct marketing was \$975.2 million which was a 2 percent decrease to the preceding year. The share of Unaddressed Bulk Mail increased by 7.2 percent to about \$250 million while Addressed Delivery decreased by 4 percent to \$332.8 million.

Direct marketing campaigns are becoming more diversified and the size of consignments is becoming smaller. Advertising is being more precisely segmented and special media is used to reach new target groups. The use of electronic messaging for marketing purposes is also growing briskly. The direct marketing channels most commonly used in Finland are:

- Direct mail (Unaddressed Bulk Mail and Addressed Delivery)
- Telemarketing
- Face-to-face selling
- Internet marketing
- Direct-response advertising
- Catalogs/brochures

It is notable that especially mobile direct marketing experienced strong growth in 2012. It remains a modest part of overall direct marketing investments but saw a growth of as much as 69 percent, with investments of \$17 million compared to a little over \$10 million in 2011. This is likely explained by the strong growth of mobile platforms 2011-2012. Growth was also experienced in email marketing with a growth of 16 percent, while investments in both telemarketing and brochures and catalogues saw a decline of 5.3 percent and 19 percent respectively.

## Joint Ventures/Licensing

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Joint ventures serve as an option for setting up a business in Finland. Issues that need to be addressed include possible tax implications, local legal systems, accounting principles, special permits and registration procedures. Invest in Finland Bureau, a government agency promoting foreign investments to Finland is a good source of

providing information and services on market entry strategies, including joint ventures and licensing.

Several U.S. companies have established themselves in the Finnish market with subsidiaries or joint ventures, with an interest in access to Finnish-Russian joint ventures. Due to its physical proximity and Finland's network of railroad and air connections, there are many strong selling features regarding access to Russia. In addition to unique access, Finland possesses profound expertise about the Russian market.

Product licensing agreements are quite common in Finland because of the good quality of Finnish manufacturing, the small size of the market and the relatively high cost of transporting goods to the country. Royalties and licensing fees may be freely transferred out of Finland.

### **Selling to the Government**

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The annual total amount of public procurement is estimated at around \$29 (€22.5) billion, approximately 15 percent of Finland's GDP.

Finnish procurement agencies follow the procurement procedures of the EU and the World Trade Organization (WTO). The EU rules of procurement and the WTO's GPA agreement only apply to procurements above the threshold value. National legislation requires procurement units to submit competitive tenders for procurements that fall below the threshold value. This is done by sending requests for tenders to a number of potential suppliers or by publishing an announcement. For more information on Government tenders, please see Ministry of Employment and the Economy <http://www.tem.fi>, Public Procurement Advisory Unit <http://www.hankinnat.fi>, and TED - Tenders Electronic Daily: <http://ted.europa.eu/>

### **Distribution and Sales Channels**

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Distribution channels in Finland are similar to those in the United States. Goods may be sold through an agent, distributor, established wholesaler, or selling directly to retail organizations. Most of the larger importers, wholesalers, and trading houses are members of the Federation of Finnish Commerce ([www.kauppa.fi](http://www.kauppa.fi)), which is a central organization of 10,000 companies as well as trade associations covering the bulk of foreign goods sold to Finnish trade and industry.

The Finnish Foreign Trade Agents' Federation ([www.agentiliitto.fi](http://www.agentiliitto.fi)) is an association of commercial agents, distributors, and importers. It has 18 divisions for different products. Its members are relatively small, private companies, most of them operating in sectors such as textiles, apparel, furnishings, and raw materials.

## Selling Factors/Techniques

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Selling factors and techniques are very similar in Finland to those in the United States. Terms generally applied to international trade with industrialized countries apply to selling in Finland. When selling to the Finnish market, it is recommended that you appoint a local agent/distributor that has a sales network covering the whole of Finland. Only one local distributor is needed to cover the whole country, as Finland's market is small; but, because distances are long, a distributor with a countrywide network is desirable. Consumer goods and similar merchandise requiring maintenance of stock are often imported through wholesalers or trading houses. These products can also be sold directly to retail chains, department stores, and other retail outlets. U.S. suppliers should provide the local distributor with English language product literature and export prices. Strong promotion efforts are very important to introduce new products into the Finnish market.

## Electronic Commerce

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In the beginning of 2010, a nationwide e-commerce statistics collection was launched. Results show that online shopping is growing much faster than the retail trade as a whole. Finland's geophysical location offers also regional e-commerce business opportunities, especially with Russian customers. The total value of online purchases by Finnish consumers in 2011 was \$13 (€10.1) billion, including taxes and delivery charges. The driving forces behind this extensive research were The Federation of Finnish Commerce, The Finnish Direct Marketing Association (Finnish DMA) and TNS Gallup:

<http://www.investinfinland.fi/articles/news/retail/e-commerce-increased-by-over-10-in-finland-in-2011/51-68>

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC

Key Link: [http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

## Trade Promotion and Advertising

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### *General Legislation*

*Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is*

*likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member states can authorize even more extensive protection under their national laws.*

*Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Member states can, and in some cases have, restricted misleading or comparative advertising.*

*The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allow for U.S.-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.*

*Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)*

*The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.*

Key Link:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bus\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm)  
[http://ec.europa.eu/avpolicy/reg/avms/index\\_en.htm](http://ec.europa.eu/avpolicy/reg/avms/index_en.htm)

## *Medicine*

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC as amended by Directive 2004/27/EC. Generally, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission presented a new framework for information to patients on medicines in 2008. The framework which is still being debated would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key Link:

[http://ec.europa.eu/health/human-use/information-to-patient/index\\_en.htm](http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm)

### *Nutrition & Health Claims*

On July 1, 2007, a regulation on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as “low fat” or “high in vitamin C” and health claims such as “helps lower cholesterol.” The regulation applies to any food or drink product produced for human consumption that is marketed on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling directive 90/496/EEC and its amended version.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content.” A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Scientists on EFSA’s NDA Panel have reached a major milestone in their work on health claims by publishing evaluations of the last group of ‘general function’ claims, excluding those related to botanical substances.

The publication of the final series of 35 evaluations is the culmination of more than three years’ work by EFSA’s experts. Since 2008 the Panel has assessed 2,758 food-related general function health claims to determine whether they were supported by sound scientific evidence, thereby assisting the European Commission and Member States in establishing a list of claims authorized for food. These approved claims can help European consumers to make more informed choices about their diet.

A simplified authorization procedure has been established for health claims based on new scientific data. A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA’s website at:

Key Link:

[http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa\\_locale-1178620753812\\_1178684448831.htm](http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa_locale-1178620753812_1178684448831.htm)

### *Food Supplements*

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was most recently revised in November 2011. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

Key Link:

[http://ec.europa.eu/food/food/labellingnutrition/supplements/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm)

#### *Tobacco*

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV without Frontiers Directive. The EU plans to revise the Tobacco Products Directive in 2012 with possible changes could include bigger, double-sided health pictorial warnings on cigarette packages and plain packaging.

Key link:

[http://ec.europa.eu/health/tobacco/law/advertising/index\\_en.htm](http://ec.europa.eu/health/tobacco/law/advertising/index_en.htm)

#### *Local Fair Authorities:*

The Finnish Fair Corporation/Helsinki Fair Center, [www.finnexpo.fi](http://www.finnexpo.fi)

Helsinki Fair Ltd./Wanha Satama, [www.wanhasatama.com](http://www.wanhasatama.com)

Jyvaskyla Congress Center Ltd, Jyvaskyla Fair Ltd, and the Keskimaa Group/Jyvaskyla Paviljonki, [www.jklfairs.fi](http://www.jklfairs.fi)

The Turku Fair and Congress Center Ltd., [www.turunmessukeskus.fi](http://www.turunmessukeskus.fi)

Lahti Fair Ltd., [www.lahdenmessut.fi](http://www.lahdenmessut.fi)

Tampere Trade Fairs Ltd., [www.tampereenmessut.fi](http://www.tampereenmessut.fi)

#### *Local Newspapers:*

Helsingin Sanomat, [www.hs.fi](http://www.hs.fi)

Hufvudstadsbladet (Swedish daily), [www.hbl.fi](http://www.hbl.fi)

Aamulehti, [www.aamulehti.fi](http://www.aamulehti.fi)

Iltalehti, [www.iltalehti.fi](http://www.iltalehti.fi)

Iltasanomat, [www.iltasanomat.fi](http://www.iltasanomat.fi)

Kaleva, [www.kaleva.fi](http://www.kaleva.fi)

Keskisuomalainen, [www.ksml.fi](http://www.ksml.fi)

Savon Sanomat, [www.savonsanomat.fi](http://www.savonsanomat.fi)

Turun Sanomat, [www.ts.fi](http://www.ts.fi)

#### *Business Magazines/Journals:*

Kauppalehti (Business daily), [www.kauppalehti.fi](http://www.kauppalehti.fi)

Talouselama (Business weekly), [www.talouselama.fi](http://www.talouselama.fi)

Tekniikka & Talous (Business weekly), [www.tekniikkatalous.fi](http://www.tekniikkatalous.fi)

Tietoviikko TIVI (Business weekly), [www.tietoviikko.fi](http://www.tietoviikko.fi)

#### *Radio/TV:*

Metroradio Finland Oy (Groove FM, [www.groovefm.fi](http://www.groovefm.fi), MetroFM, [www.metrofm.fi](http://www.metrofm.fi),

SuomiPOP, [www.radiosuomipop.fi](http://www.radiosuomipop.fi))

MTV Media Radio Group (Radio Nova, [www.radionova.fi](http://www.radionova.fi))  
SBS Finland Oy (Iskelma-ketju, [www.iskelma.fi](http://www.iskelma.fi), Radio City Tampere <http://www.radiocity.fi/alueet/tampere>, Radio City Turku, <http://www.radiocity.fi/alueet/turku>, Radio City Jyvaskyla, <http://www.radiocity.fi/alueet/jyvaskyla>, Radio City Oulu, <http://www.radiocity.fi/alueet/oulu>, and Voice, [www.voice.fi](http://www.voice.fi))  
Sanoma Corporation (Radio Helsinki, [www.radiohelsinki.fi](http://www.radiohelsinki.fi))  
Finnish Broadcasting Company YLE Radio (YLE Radio 1, YLEX, YLE Radio Suomi, YLE Radio Peili, Radio Extrem, Radio Vega), and TV (YLE TV1, TV2, Teema, Swedish Language Television FST5) Center, [www.yle.fi](http://www.yle.fi)  
MTV OY (Commercial TV [www.mtv3.fi](http://www.mtv3.fi), and SubTV [www.sub.fi](http://www.sub.fi))  
NELONEN (Channel Four Finland, JimTV, LivTV, SportProTV, KinoTV, Radio Rock, Radio Aalto), [www.nelonen.fi](http://www.nelonen.fi)  
WELHO (SW Television OY / Welho), [www.welho.fi](http://www.welho.fi)

U.S. Commercial Service Helsinki services: Business Service Providers (BSP), Featured U.S. Exporters (FUSE), and Single Company Promotion (SCP), [www.buyusa.gov/finland/en](http://www.buyusa.gov/finland/en)

## Pricing

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All goods and services are subject to a value-added tax (VAT), which ranges from 10 percent on books, drugs, pharmaceuticals, cinema tickets, passenger transportation, accommodation services, cultural and entertainment events and TV licenses; 14 percent on foodstuffs and animal feed, to 24 percent on industrial goods. Excise taxes are levied on alcohol and alcoholic drinks, beer, tobacco, liquid fuels, electricity and certain fuels and soft drinks. Waste tax and oil discharges are also subject to excise taxes.

Finland is an EU member country. Imports from the other EU countries enter Finland duty-free and without customs formalities. The EU also has free trade agreements with a large number of non-EU countries (e.g., countries that belong to the Pan-European Cumulation and the European Free Trade Association, or EFTA). Imports from these countries, with some exceptions, enter Finland duty-free if the products have been manufactured in one of these countries. However, import duties are levied on imports from countries such as the United States, Australia, Japan, and Canada, depending on specific product lines.

## Sales Service/Customer Support

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As a rule, one exclusive agent/distributor is appointed to cover the entire country. Finnish importers often represent several different product lines. Importers may serve large customers themselves, while dealers work with smaller customers, often located outside the Helsinki metropolitan area. Dealers are often specialized in supplying a specific industry area. Training, usually organized and carried out by dealers, is an important aspect. Service points should cover the whole country rather than just the southern parts.

Conscious of the discrepancies among EU member states in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

### *Product Liability*

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link:

<http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/>

### *Product Safety*

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is undergoing review.

Key link:

[http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

### *Legal Warranties and After-sales Service*

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Key link:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm)

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

## IPR Climate in Finland

See Investment Climate Statement.

The Finnish legal system protects property rights, including intellectual property, and Finland adheres to numerous international agreements concerning intellectual property. Finland has joined the most important copyright agreements. For further information, please see <http://www.prh.fi> (National Board of Patents and Registration of Finland Industrial Property Office), and <http://www.minedu.fi> (Ministry of Education and Culture Copyright Office).

## Protecting Your Intellectual Property in Finland

Several general principles are important for effective management of intellectual property (“IP”) rights in Finland. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Finland than in the U.S. Third, rights must be registered and enforced in Finland under local laws. Your U.S. trademark and patent registrations will not protect you in Finland. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Finnish market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Finland. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Finnish law;

[http://finland.usembassy.gov/legal\\_services.html](http://finland.usembassy.gov/legal_services.html)

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however,

whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Finland require constant attention. Work with legal counsel familiar with Finnish laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Finland or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India and Russia. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Finland at: [ashley.miller@trade.gov](mailto:ashley.miller@trade.gov) and [susana.getman@trade.gov](mailto:susana.getman@trade.gov).

## Due Diligence

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Dun & Bradstreet Finland Oy and Suomen Asiakastieto Oy offer a variety of business and credit information services. For further information, please contact:

Dun & Bradstreet Finland Oy  
Kumpulantie 3  
FI-00520 Helsinki  
Finland  
Tel: +358-9-2534 4400, Fax: -358-9-502-2940  
E-mail: [asiakaspalvelu@dnb.fi](mailto:asiakaspalvelu@dnb.fi)  
<http://www.dnb.fi/en/>

It is also possible to contact any Dun & Bradstreet office in the United States.

Suomen Asiakastieto Oy  
Työpajankatu 10 A  
FI-00580 Helsinki  
Finland  
Tel: +358-10-270-7000, Fax: +358-10-270-7338  
E-mail: [international@asiakastieto.fi](mailto:international@asiakastieto.fi)  
<http://www.asiakastieto.fi/en/>

Product safety testing and certification is mandatory for the EU market. U.S. manufacturers and sellers of goods have to perform due diligence in accordance with mandatory EU legislation prior to exporting.

U.S. Commercial Service Finland offers U.S. Companies International Company Profile (ICP) reports. The ICPs are designed to help U.S. companies enter international business relationships with confidence. ICPs provide background checks on overseas companies that provide U.S. firms with information to help assess foreign firms as business partners. For further information please visit <http://www.buyusa.gov/finland/en>

## Local Professional Services

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Please contact U.S. Commercial Service Finland at [Office.Helsinki@trade.gov](mailto:Office.Helsinki@trade.gov) for inquiries and contact information.

## Web Resources

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The Federation of Finnish Commerce, [www.kauppa.fi](http://www.kauppa.fi)  
The Finnish Foreign Trade Agents' Federation [www.agenttiliitto.fi](http://www.agenttiliitto.fi)  
The Finnish Franchising Association: <http://www.franchising.fi>  
The Finnish Direct Marketing Association (Finnish DMA): <http://www.asml.fi>  
Invest in Finland Bureau: <http://www.investinfinland.fi>  
The Finnish Advertising Council <http://www.mainonnanneuvottelukunta.fi/>

Local government authorities:

Ministry of Employment and the Economy: <http://www.tem.fi>  
Public Procurement Advisory Unit: <http://www.hankinnat.fi>  
Tenders Electronic Daily: <http://ted.europa.eu/>

U.S. Commercial Service Helsinki services: Business Service Providers (BSP), Featured U.S. Exporters (FUSE), and Single Company Promotion (SCP), [www.buyusa.gov/finland/en](http://www.buyusa.gov/finland/en)

Trade Promotion and Advertising (EU):

General Legislation,  
[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bus\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm)  
[http://ec.europa.eu/avpolicy/reg/avms/index\\_en.htm](http://ec.europa.eu/avpolicy/reg/avms/index_en.htm)

Medicine, [http://ec.europa.eu/health/index\\_en.htm](http://ec.europa.eu/health/index_en.htm)  
Nutrition & Health Claims, [http://www.efsa.europa.eu/EFSA/efsa\\_locale-1178620753812\\_1178620835814.htm](http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178620835814.htm)

Food Supplements,  
[http://ec.europa.eu/food/food/labellingnutrition/supplements/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm)

Tobacco, [http://ec.europa.eu/health/tobacco/policy/index\\_en.htm](http://ec.europa.eu/health/tobacco/policy/index_en.htm)

Local Fair Authorities:

The Finnish Fair Corporation/Helsinki Fair Center, [www.finnexpo.fi](http://www.finnexpo.fi)  
Helsinki Fair Ltd., [www.wanhasatama.com](http://www.wanhasatama.com)  
Jyvaskyla Fair Ltd., [www.jklfairs.fi](http://www.jklfairs.fi)  
The Turku Fair and Congress Center Ltd., [www.turunmessukeskus.fi](http://www.turunmessukeskus.fi)  
Lahti Fair Ltd., [www.lahdenmessut.fi](http://www.lahdenmessut.fi)  
Tampere Trade Fairs Ltd., [www.tampereenmessut.fi](http://www.tampereenmessut.fi)

Local Newspapers:

Helsingin Sanomat, [www.hs.fi](http://www.hs.fi)  
Hufvudstadsbladet (Swedish daily), [www.hbl.fi](http://www.hbl.fi)  
Aamulehti, [www.aamulehti.fi](http://www.aamulehti.fi)  
Iltalehti, [www.iltalehti.fi](http://www.iltalehti.fi)  
Iltasanomat, [www.iltasanomat.fi](http://www.iltasanomat.fi)  
Kaleva, [www.kaleva.fi](http://www.kaleva.fi)  
Keskisuomalainen, [www.ksml.fi](http://www.ksml.fi)  
Savon Sanomat, [www.savonsanomat.fi](http://www.savonsanomat.fi)  
Turun Sanomat, [www.ts.fi](http://www.ts.fi)

#### Business Magazines/Journals:

Kauppalehti (Business daily), [www.kauppalehti.fi](http://www.kauppalehti.fi)  
Talouselämä (Business weekly), [www.talouselama.fi](http://www.talouselama.fi)  
Tekniikka & Talous (Business weekly), [www.tekniikkatalous.fi](http://www.tekniikkatalous.fi)  
Tietoviikko TIVI (Business weekly), [www.tietoviikko.fi](http://www.tietoviikko.fi)

#### Radio/TV:

Metroradio Finland Oy (Groove FM, [www.groovefm.fi](http://www.groovefm.fi), MetroFM, [www.metrofm.fi](http://www.metrofm.fi),  
SuomiPOP, [www.radiosuomipop.fi](http://www.radiosuomipop.fi))  
MTV Media Radio Group (Radio Nova, [www.radionova.fi](http://www.radionova.fi))  
SBS Finland Oy (Iskelmä-ketju, [www.iskelma.fi](http://www.iskelma.fi), Radio City Tampere,  
<http://www.radiocity.fi/alueet/tampere> , Radio City Turku,  
<http://www.radiocity.fi/alueet/turku> , Radio City Jyväskylä,  
<http://www.radiocity.fi/alueet/jyvaskyla> , Radio City Oulu,  
<http://www.radiocity.fi/alueet/oulu> , and Voice, [www.voice.fi](http://www.voice.fi))  
Sanoma Corporation (Radio Helsinki, [www.radiohelsinki.fi](http://www.radiohelsinki.fi))  
Finnish Broadcasting Company YLE Radio (YLE Radio 1, YLEX, YLE Radio Suomi, YLE  
Radio Peili, Radio Extrem, Radio Vega), and TV (YLE TV1, TV2, Teema, Swedish  
Language Television FST5) Center, [www.yle.fi](http://www.yle.fi)  
MTV OY (Commercial TV [www.mtv3.fi](http://www.mtv3.fi), and SubTV [www.sub.fi](http://www.sub.fi))  
NELONEN (Channel Four Finland), [www.nelonen.fi](http://www.nelonen.fi)  
WELHO (SW Television OY / Welho), [www.welho.fi](http://www.welho.fi)

U.S. Commercial Service Helsinki services: Business Service Providers (BSP), Featured  
U.S. Exporters (FUSE), and Single Company Promotion (SCP),  
[www.buyusa.gov/finland/en](http://www.buyusa.gov/finland/en)

#### Sales Service/Customer Support (EU):

Product Liability, <http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/>

Product Safety, [http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

#### Legal Warranties and After-sales Service,

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm)

#### Protecting Your Intellectual Property (EU):

Copyright, [http://ec.europa.eu/internal\\_market/copyright/documents/documents\\_en.htm](http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm)

Patents, [http://ec.europa.eu/internal\\_market/indprop/patent/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/patent/index_en.htm)  
<http://www.european-patent-office.org>

Trademarks, <http://oami.europa.eu/>, <http://www.wipo.int/madrid/en>

Designs, <http://oami.europa.eu/>

Trademark Exhaustion, [http://ec.europa.eu/internal\\_market/indprop/tm/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/tm/index_en.htm)

IPR in Finland:

National Board of Patents and Registration of Finland Industrial Property Office,  
<http://www.prh.fi>

Ministry of Education and Culture Copyright Office, <http://www.minedu.fi>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### **Commercial Sectors**

- [Computers and Peripherals](#)
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### **Agricultural Sectors**

- [Agricultural sectors](#)

## Computers and Peripherals (CPT)

### Overview

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Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	1803	1805	1805	1805
Total Local Production	83	80	80	80
Total Exports *	605	600	600	605
Total Imports	2325	2325	2325	2325
Imports from the U.S.	105	105	105	105

Exchange Rate: \$1= €0.78 (year 2012 average)

Sources: Statistics Finland, National Board of Customs.

\* Finland acts as a re-exporter of computers and peripherals to Russia.

Note: The table figure "Imports from the U.S." does not include U.S. computer hardware exported from plants located in the European Union (EU) countries.

Finland's population of 5.4 million people comprises a highly sophisticated market for computer hardware and software. This is illustrated by the fact that Finland has one of the highest numbers of computers per capita connected to the Internet. Presently, the majority of Finnish homes have computers as well as access to the Internet either at home, at work, or through a local institution, such as a library.

Finland offers one of the world's most sophisticated Information and Communications Technology (ICT) infrastructure and application environments. This environment provides cutting-edge, high efficiency settings for all kinds of businesses. In 2011 the total turnover for ICT-manufacturers in Finland was approximately 31.4 billion USD. The respective shares of telecommunications and software/consulting etc. were 5.1 billion USD and 3.1 billion USD, the rest constituting of ICT hardware manufacturing.

The United States is Finland's leading external source of computers and peripherals. In 2012 computer imports alone were worth approximately 40.5 million USD. There are about 4,200 local computer-related companies in Finland. About 3,700 companies have less than five employees, and the five largest companies cover about 60 percent of the industry sector's sales volume.

The year 2011 saw some growth, with an increase in hardware sales. The consumer interest in tablet PCs and smart phones is expected to reduce the demand for traditional and mini laptops as well as desktops.

Finland's import climate is very open and receptive to U.S. products. Because Finland is a member of the European Union (EU), products manufactured in the EU are not subject

to import duty if manufactured within the common market. However, since the beginning of 1999, computer hardware imported to Finland from third countries, such as the United States, has also entered Finland duty-free. Regardless of the origin of production, Finland applies a value-added tax of 24 percent to all imported goods. For more information on Finland's ICT markets, please visit

[http://www.ficora.fi/attachments/68jZSgWFY/Viestintavirasto\\_vuosi2011\\_englanti\\_2706.pdf](http://www.ficora.fi/attachments/68jZSgWFY/Viestintavirasto_vuosi2011_englanti_2706.pdf)

### **Sub-Sector Best Prospects**

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Products on the cutting edge of technology dominate the Finnish hardware market. Modest growth is expected for 2013, as companies increase their ICT investments. Smart phones and tablet PCs are expected to increase in demand.

On the consumer electronics market, HDTV sales continue their growing trend, followed by digital high-tech electronic products. Demand remains high for home-IT equipment. The demand for affordable, light and fast mini laptops is expected to remain high.

Best future prospects are likely to come from innovation and advances in existing technology.

### **Opportunities**

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Please see the Supplement to the European Union Official Journal

<http://ted.europa.eu>.

### **Web Resources**

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Helsinki Fair Center [www.finnexpo.fi](http://www.finnexpo.fi)

Ministry of Transport and Communications [www.mintc.fi](http://www.mintc.fi)

Finnish Federation for Communications and Teleinformatics [www.ficom.fi](http://www.ficom.fi)

Invest-in-Finland - [http://www.investinfinland.fi/industries/ict/en\\_GB/ict/](http://www.investinfinland.fi/industries/ict/en_GB/ict/)

[katie.janhunen@trade.gov](mailto:katie.janhunen@trade.gov) (local contact)

## Computer software (CSF)

### Overview

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Note: Official statistics not available.

The software industry is one of Finland's most prominent industry sectors. The industry - along with software entrepreneurship - has grown rapidly since the early 1990s.

The Finnish software industry consists of about 1,100 software companies. The companies are mainly owned by their founders and their family members, with only minor foreign and external ownership. Their business ranges from infrastructure software and data security solutions to various Internet and wireless applications, with strong technology forming the basis for innovative products. An increasing number of Finnish software companies seek to expand their operations to global markets and welcome contacts from U.S. companies.

The United States is the number one supplier of standard, non-customized application software. Competition for new-to-market computer software companies is strong and comes from previously established U.S. companies, such as Microsoft, Novell etc.

Despite the challenging economic situation, Finnish software product companies have been able to adjust to the weakened economic situation. As companies are rather small, their capability to modify business operations in a short-term in order to keep the business running is relatively good. As the downturn of the economy makes growth intentions more difficult, it also forces companies to improve their processes and efficiency.

The Finnish software industry is characterized by the following trends:

- Greater degrees of both productivity and internationalization, i.e. from custom software developed for local markets towards mass-market software intended for international distribution.
- In 2012 Finnish software companies placed heavier emphasis on cloud computing platforms over mobile – as many as 47% of all firms included in a national survey said they were utilizing a cloud computing platform at least in some form when developing new software.
- Three operating systems dominated the mobile software subsector in 2012 – The respective market shares were Android for 20%, iOS for 19% and the Windows Phone for 15%. As expected, the interest in Symbian continued to fall and was at 5%.
- Developing server software and software for the Windows (desktop) operating system were the two most common cases among Finnish software companies in 2011, and apparently also in 2012.

- According to local sources, many students today are interested in software as a service instead of packaged software products, which used to be the norm. There is “huge interest” in software development.
- Finnish software companies have increasingly sought international revenue. In 2012 more than half of Finnish companies had international revenue streams and the trend has been towards international expansion.

More than two out of three Finnish software companies develop and produce traditional ICT software. International software vendors have, however, rapidly increased their shares in the Finnish market. Finland’s most common exporting countries are Sweden, the United States, and Germany.

The software sector has coped relatively well throughout the recession. The (software and IT-services) sector grew by 5.2% in 2011 and 5.8% in 2012 – the growth was spurred on particularly by small and medium sized software companies. The industry growth outlook for 2013 is conservative but expected to continue the trend of steady increase.

### **Sub-Sector Best Prospects**

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The software market is expected to grow, and growth in the IT spending of companies is expected to offer opportunities for software companies. Quality products in Business Intelligence, offering clear value to the customer, are expected to do well in the market, as are security software, and CRM software. The Finnish market is small, and large companies are few in number - they tend to have established software systems. Therefore, software market opportunities for U.S. companies are mostly within the small and medium-sized enterprises (SME) market.

Finland has expertise in developing computer software products and is looking for U.S. partners that can provide financial resources.

### **Opportunities**

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Please see the Supplement to the European Union Official Journal <http://ted.europa.eu>. See also [www.e-finland.fi](http://www.e-finland.fi) (E-business projects).

Due to changes in recent years in Russia and the Baltic countries, Finland serves as an excellent gateway to these emerging markets.

### **Web Resources**

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Helsinki Fair Center - [www.finnexpo.fi](http://www.finnexpo.fi)

Ministry of Transport and Communications - [www.mintc.fi](http://www.mintc.fi)

Finnish Federation for Communications and Teleinformatics - [www.ficom.fi](http://www.ficom.fi)

Finnish Software Business Cluster - [www.swbusiness.fi](http://www.swbusiness.fi)

The Finnish Software Entrepreneurs Association - <http://www.ohjelmistoyrittajat.fi/in-english>  
[katie.janhunen@trade.gov](mailto:katie.janhunen@trade.gov) (local contact)

## Energy (ELP)

### Overview

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### Total Energy Consumption by Energy Source (January-September, 2012\*)

Oil	24%
Wood fuels	23%
Nuclear Energy	18%
Coal	10%
Natural Gas	8%
Peat	5%
Hydro and Wind Power	4%
Net Imports of Energy	5%
Others	3%

Total Energy Consumption: 1,367 PJ (2012)

\* Preliminary data

Source: Statistics Finland

### Energy Consumption by Sector (2012)

Industry	46%
Space Heating	25%
Transport	16%
Others	12%

Source: Statistics Finland

A Nordic country, Finland shares a long border with Russia. Finland is the world's northernmost industrialized nation and energy consumption per capita is high. In terms of land area, Finland is the seventh largest country in Europe, but has a population of only 5.4 million, mostly concentrated in urban areas. Finland's energy needs are high due to its energy-intensive industry, cold climate, high standard of living and long distances. Finland does not have its own fossil fuels – coal, oil or natural gas – but does have bio fuels, rich reserves of peat, and extensive wood resources. Also, as indigenous fuel, peat has considerable effect on regional policy. It increases employment and security of the energy supply.

According to Statistics Finland's preliminary data, total consumption of energy was 1,367 petajoule (PJ) in January-September, 2012. Finland's energy consumption has increased more than 50 percent since the early 1970s. During the same period, industrial output and the total volume of construction have more than doubled. On an international scale, energy production and usage in Finland are quite efficient, due to resource availability, production infrastructure and geographical location.

Energy-intensive industries play a large role in the Finnish economy, which has spurred the development of efficient energy systems. The pulp and paper industry supplies over two-fifths of heat and electricity needs by utilizing solid and liquid wood residues.

Finland has presently four existing nuclear plants, two in Olkiluoto and two plants in Loviisa. The Loviisa plants were built by Soviet Atomenergoexport but fitted with western instrumentation and control system. They started electricity production in 1977 and 1980. New licenses were granted to Fortum to operate the units until 2027 and 2030 conditional on safety reviews before 2015 and 2023.

Finland's fifth nuclear power plant is currently under construction in Olkiluoto (OL3). OL3 is being implemented on a turnkey basis by the French-German consortium formed by Areva NP and Siemens AG. According to original timetable, OL3 was to start generating electricity at the end of 2009. However, Areva now is expected to have the station up and running in August 2014. Areva's latest promise to finish the station by 2013 has slipped away. Presently, Areva's OL3 project is nearly three billion euros over the original price and nearly four years behind the original schedule.

The Government of Finland is endorsing the applications of two companies for the construction of two new nuclear reactors. Olkiluoto is to be the location of TVO's <http://www.tvo.fi/Home> next nuclear reactor as well. Fennovoima, <http://www.fennovoima.fi/en> is a newcomer to the nuclear energy game. Fennovoima decided in 2011 to build its nuclear power plant to Pyhajoki, located in North Ostrobothnia.

If two new reactors will be built, large amounts of electricity will be flowing abroad from Finland, and exports may reach 5 to 9 TWH of electricity. This is up to three-quarters of the annual output of one of the plants. However, by 2030, the capacity available for export will fall because of acceleration in domestic demand and coal-fired condensing power plants closing down. Finland will eliminate coal-fired plants due to stringent environmental regulations no later than 2023.

Finland participates in the energy-related work of the Council of the Baltic Sea States and Barents Council and supports the strengthening of the European Union's (EU's) Northern Dimension in the energy sector. Finland is also active in OECD (Organization for Economic Cooperation and Development), IEA (International Energy Agency), and NEA (Nuclear Energy Agency) energy discussions. Among the UN agencies, the IAEA (International Atomic Energy Agency) and the Sustainable Energy Committee of UNECE (UN Economic Commission for Europe) are important forums for cooperation in the energy field. Finland participates in these forums and also cooperates on energy and environment with several countries outside of Europe (<http://www.tem.fi/index.phtml?l=en&s=415>)

**Renewable energy** – Please see section Renewable Energy & Energy Efficiency RE&EE below.

### **Sub-Sector Best Prospects**

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U.S. companies have possibilities to bid as subcontractors in TVO's Olkiluoto and Fennovoima's Pyhajoki nuclear power plant projects, as well as Finland's future nuclear power plant projects.

See also RE&EE sector below on best prospects for U.S. companies.

### **Opportunities**

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Finnish energy companies use open tenders according to European Union (EU) regulations. The development of renewable energy in Finland is expected to offer opportunities for U.S. companies in introduction of innovative renewable energy source equipment technology. Finland's Ministry of Employment and the Economy has bilateral cooperation on energy and environment with several countries. U.S. companies can also participate in cooperation with Finnish companies in TEKES (Finnish Funding Agency for Technology and Innovation) funded projects (<http://www.tekes.fi>).

### **Web Resources**

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Finnish Energy Industries [www.energia.fi](http://www.energia.fi)

Invest in Finland Bureau [www.investinfinland.fi](http://www.investinfinland.fi)

Ministry of Employment and Economy, [www.tem.fi](http://www.tem.fi)

Finnish Funding Agency for Technology and Innovation [www.tekes.fi](http://www.tekes.fi)

Statistics Finland [http://www.stat.fi/index\\_en.html](http://www.stat.fi/index_en.html)

[http://www.easyfairs.com/events\\_216/saehkoe-puhtaus-ekorakennus2013\\_35311/saehkoe-2013\\_35312/exhibitors\\_35326/welcome\\_35340/mia.maki@trade.gov](http://www.easyfairs.com/events_216/saehkoe-puhtaus-ekorakennus2013_35311/saehkoe-2013_35312/exhibitors_35326/welcome_35340/mia.maki@trade.gov) (local contact)

### Renewable Energy

One of the world's leading countries in clean energy utilization, especially biomass, Finland has been active in expanding the role of renewable energy in energy production, in accordance with the Long-term Climate and Energy Strategy, launched by the Ministry of Employment and the Economy (the former Ministry of Trade and Industry) in 2008. The goal is to increase the share of renewable energy to 38 percent by 2020. This would require an estimated increase in renewable energy of 38 terawatt hours.

In 2012 the consumption of renewable energy grew by 5 percent and provided 30 percent of Finland's total energy consumption and accounted for more than one quarter of its electricity generation. The most important renewable sources of energy in Finland include bio energy – wood and wood-based fuels in particular – as well as hydropower, wind power and ground-source heat. Peat has also been defined as slowly renewing biomass fuel. It has a substantial share, about seven percent, of Finland's energy balance. As indigenous fuel, peat has considerable effect on regional policy.

To implement the national objective for utilization of renewable energy set by the European Union, a new feed-in tariff scheme was established in 2011. The purpose is to promote the production of electricity based on wind power, biogas and wood-based fuel. The feed-in tariff scheme seeks to increase electricity production based on wind power up to six terawatt hours, and electricity and heat production based on forest chips utilized as fuel up to 22 terawatt hours.

In addition, the bio fuel distribution obligation will increase from the current four to six percent for 2011-2014, followed by a phased increase to 20 percent by 2020. Since the distribution obligation was set, the use of bio fuels has grown from close to zero in 2007 to approximately 160,000 tons of oil equivalent in 2010.

The production of wind energy currently accounts for only 0.6 percent of Finnish electricity consumption and the combined production capacity of current wind parks is 288 megawatts. The goal is to increase the capacity of wind energy up to 2000 megawatts by the year 2020, once the seven wind parks that are currently under construction are completed, plus the first land-based wind park that has been planned for the Lapland community of Tervola,

### Energy Efficiency

Traditional Finnish energy efficiency strengths are in the areas of energy intensive industrial processes, power electronics, combustion and gasification technologies, combined heat and power production, and biomass based fuels. Additional growth comes from smaller firms operating in the areas of new materials, smart grids, recycling,

and measurement technologies. Surprisingly, new areas to watch for include power electronics used in automotive manufacturing.

To promote energy efficiency, Finland has employed a voluntary agreement scheme from as early as the 1990s. The practical measures boosted by the agreements, such as energy audits and analyses subsidized by the Government, have provided companies and communities with an excellent means of ascertaining their own energy usage and the scope of improving it, as well as integrating improvements in energy efficiency in their daily operations.

The latest energy efficiency agreements for industries, municipal and oil sectors were signed for the period 2008-2016. Additional agreements have been applied for goods transportation and logistics, public transportation and housing sectors. These agreements are under the governance of the related Ministries and have a central role in the national implementation of the EU Energy Services Directive applied to companies that are not part of the emissions trading scheme.

Finland has been involved in the development of low-energy and eco-efficient construction alternatives since the late 1980s. The basic principles of energy efficiency in buildings include:

- Controlled ventilation and efficient heat recovery
- Improved thermal insulation of building skin
- Careful design and construction
- Using building structures as heat and cool storage units
- Improved indoor climate quality
- Innovative home automation systems.

Driven by a continuous challenge to decrease the energy use and to meet new energy savings within the built-environment, the Finnish building industry is moving towards developing and searching for new high-performance building solutions and technologies.

## **Sub-Sector Best Prospects**

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- Effective insulation materials
- HRV-systems
- Heating and cooling pumps
- Pellet furnaces and technology used for pellet production
- Low energy construction building concepts
- Recycled building materials
- Heating and cooling systems using alternative energy sources, such as solar, geothermal and small-scale wind
- Heat exchangers and heat meters
- Technology used in agricultural biomass
- Controls, pumps, piping
- Indoor and outdoor lighting solutions.

## Opportunities

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For public procurement tenders, please see the online version of the Supplement to the European Union Official Journal <http://ted.europa.eu>.

Public/private research programs: <http://www.cleen.fi/en/>

## Web Resources

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Finnish Energy Industries <http://www.energia.fi>

The Finnish Wind Power Association <http://www.tuulivoimayhdistys.fi/>

Motiva Oy <http://www.motiva.fi/en/>

Finland's Environmental Administration <http://www.ymparisto.fi/>

FINBIO – The Bio Energy Association of Finland, <http://www.finbioenergy.fi/mia.maki@trade.gov> (local contact)

## Environmental Technologies (ENV)

### Overview

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Unit: USD millions

	2010	2011	2012	2013 (estimated)
Total Market Size	3256	4705	4487	4622
Total Local Production	4399	6892	6489	6619
Total Exports	3519	5514	5191	5295
Total Imports	2376	3327	3190	3318
Imports from the U.S.	90	168	160	165

Exchange Rate: \$1= 0,78€ (year 2012 average)

Source: National Board of Customs

Traditionally, the metals and the pulp and paper industry have been the two major investors in environmental technology. The primary technology investments for these industries have been air pollution and water protection technologies. In recent years, the Finnish environmental technology and services sector has evolved into a dynamic area where production of new innovative technologies and services has expanded and also gained international prominence.

In Finland, the necessity for utilizing the best available technology is included in the Water Act, Air Pollution Control Act, Waste Act and Sea Protection Act. In addition, the producer responsibility principle in waste management has increased reuse and recycling, offering new business opportunities. It is estimated that the share of waste management and handling represents one third of the environmental technologies sector, followed by recycling.

The key competitive factors in selling environmental technology in Finland are quality and level of technology, price being a secondary factor. Finding a Finnish partner or using a distributor / importer is highly recommended as they have direct distribution channels to the end users, strong relations with various industry representatives, and direct access to the municipalities.

It is estimated that there are about 3,000 environmental technology companies in Finland, operating in different segments of the market, including cleantech. The number of companies operating in the more traditional segments of environmental technology such as waste management and handling, recycling, and remediation is close to 800. About 20 percent of the companies have operations abroad and exports account for nearly 80 percent of local production. The majority of the companies are small-to-medium size companies but there are a few big global players as well.

To support Finnish environment technologies know-how in the field, Tekes, the Finnish Funding Agency for Technology and Innovation and VTT (Technical Research Center of Finland) support and enhance R&D in environmental technologies. As a result of a national environmental business development program in 2007, Cleantech Finland concept was launched with an objective to make Finland the leading country in the

environmental business, thus creating a market with increased local competition. According to a survey by Cleantech Finland, the annual growth of the cleantech sector in 2012 was 15 per cent and rapid growth is predicted also for the year 2013.

### **Sub-Sector Best Prospects**

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- Waste management: Equipment to improve waste management processes, in particular closed systems for lumber companies and for the prevention of phosphorous discharges.
- Municipal waste recycling and recovery: New technical advances for the entire recycling logistics chain, including sensors, separators, monitoring, optic handling device for metal recycling, crushers, and bio waste separation equipment.
- Air and water pollution: Monitoring, measuring and sampling instruments for detection of air and water pollution.
- Small particles and dust reduction equipment: Products such as dynamic and electrostatic precipitators; fabric filters; centrifugal fans and blowers.
- Environmental geotechnics: New process and product innovations for contaminated soil remediation.

### **Opportunities**

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Please see the Supplement to the Official Journal of the European Union  
<http://ted.europa.eu/>

Environment Technology Exhibitions: Environment & Municipal engineering, Water & Wastewater, Waste & Recycling, 1-3 October 2014,  
Helsinki Exhibition & Convention Centre  
<http://www.finnexpo.fi/Sites3/YT2012/en/Pages/default.aspx>

### **Web Resources**

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Finland's Environmental Administration, <http://www.environment.fi>  
Finnish Society of Indoor Air Quality and Climate,  
[http://www.sisailmayhdistys.fi/portal/fisiaq\\_in\\_english/](http://www.sisailmayhdistys.fi/portal/fisiaq_in_english/)  
Supplement to the Official Journal of the European Union, <http://ted.europa.eu/>  
The Association of Environmental Enterprises, <http://www.ymparistoyritykset.fi/english>  
Tekes, the Finnish Funding Agency for Technology and Innovation, <http://www.tekes.fi>  
VTT, Technical Research Center of Finland, <http://www.vtt.fi>  
Cleantech Finland, <http://www.cleantechfinland.com/>  
[mia.maki@trade.gov](mailto:mia.maki@trade.gov) (local contact)

## Franchising (FRA)

### Overview

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Note: Official statistics not available.

Franchising continues to develop successfully even at times of economic turmoil. According to local sources, franchise concepts seem to be better equipped to tackle the difficult financial times than their non-franchised competition, thanks to the structured franchise models. The total market for franchising in Finland is estimated to be over \$6 billion and the annual growth rate in terms of revenue is expected to be 5 percent for 2013 and 14 percent for the number of units. There are close to 300 franchising systems in Finland operating over 7,000 units around the country.

The growth potential for franchising businesses continues to be good in Finland. Population density in urban areas, changes in economic and social factors and the continuously active field of franchising indicate that franchising will continue expanding into new business areas. Growing demand in the services sector along with increased interest in self-employment will foster many new franchising opportunities.

Domestic franchises dominate the market. Just over one-quarter of the franchising systems are foreign. The neighboring Nordic countries have a good share of the foreign presence. U.S. franchise companies in Finland are mostly fast food restaurants and automotive service businesses. U.S. franchises tend to have high brand recognition among the general public.

There is no special legislation covering franchising. The most important of the statutory regulations are Contracts Act, the Unfair Business Practices Act, the Trademarks Act and the Competition Restrictions Act. The Finnish Franchising Association's Code of Ethics also sets a good framework for franchise agreements.

### Sub-Sector Best Prospects

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Franchising opportunities exist in all market sectors – retail, restaurant and services. The services sector, which includes consumer and Business-to-Business services, is the fastest growing and offers the best market potential for new franchise businesses. A recent introduction of a franchised forest management service is a good example of new innovative franchise concepts in the services sector.

U.S. franchise companies in Finland are concentrated in automotive services (car rental) and fast food. Most of these companies have strong brand recognition and are considered old-timers in the market. The U.S. companies currently in the market include: Avis, Budget, Hertz, National, McDonald's, Subway, Pizza Hut, Novus (car windshield repair), RE/MAX real estate, TOYS"R"US, and Home Instead Senior Care. The newest additions, Starbuck's opened its first coffee shop in Finland at the Helsinki-Vantaa airport in April 2012 and Hard Rock Café Helsinki had its Grand Opening in April of 2013.

## Opportunities

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The best opportunities for new franchises are in the areas of Business-to-Business (B2B) and consumer services. B2B services, such as personnel, building repair/maintenance, training, and Information Technology (IT) offer great opportunities for U.S. companies. Demand is also increasing for consumer services such as cleaning services, nursing, interior design, and other personal welfare services such as senior care, beauty, health/exercise, and general well-being.

The retail sector offers new franchising opportunities in the field of consumer electronics, consumer durables, and giftware. Apparel, food, and personal care products continue to be good prospects for U.S. franchises.

The franchise-based restaurant sector is currently made up of mostly coffee shops and quick service restaurants. The “casual dining” concept offers potential for U.S. restaurant chains.

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The Finnish Franchising Association, <http://www.franchising.fi>  
[mia.maki@trade.gov](mailto:mia.maki@trade.gov) (local contact)

## Medical Equipment (MED)

### Overview

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Unit: USD millions

	2010	2011	2012	2013 (estimated)
Total Market Size	860	848	930	967
Total Local Production	1465	1534	1550	1612
Total Exports	1290	1278	1345	1345
Total Imports	685	592	725	725
Imports from the U.S.	190	195	205	213

Exchange Rate: \$1= €0.78 (year 2012 average)

Sources: The Finnish Healthcare Technology Association, National Board of Customs Finland, and local sources.

In Finland, the total market for medical equipment is estimated at \$910 million in 2011 by the Finnish Healthcare Technology Association. The operating costs of Finnish hospitals have been reduced, and major hospital procurement is mainly replacing older equipment and buying some new. However, investments in new medical equipment within the private health care sector are expected to increase.

Over 80 percent of the medical equipment imported to Finland comes either from or through the European Union. Direct imports from the United States account for 8 percent; however, the total market share is 28 percent. Other important external supplier countries are Germany, the United Kingdom, France, Japan, and China. High quality and technically sophisticated medical equipment has the best market potential in Finland, especially equipment that increases efficiency and reduces occupancy rates in hospitals. Products, such as the following, have the best sales potential in Finland:

- Electronic Medical Records (EMR's)
- Patient monitoring systems
- Mini invasive surgery (MIS)
- Day surgery equipment
- Magnetic resonance imaging (MRI) equipment
- Video endoscopes
- Digital image processing
- Picture archiving

Finland joined the European Union (EU) in 1995. As a member of the EU, Finland's local legislation concerning medical devices complies with EU directives. Please see [www.valvira.fi/en/licensing/medical\\_devices](http://www.valvira.fi/en/licensing/medical_devices) (National Supervisory Authority for Welfare and Health Valvira) and [ec.europa.eu/health/medical-devices/index\\_en.htm](http://ec.europa.eu/health/medical-devices/index_en.htm) (European Commission, DG Health & Consumers, Public Health, Medical Devices) for further information.

Medical trade is duty-free within the European Union. Import duties are collected from production coming from non-EU countries. The amount of duty for medical equipment exported from the United States fluctuates according to a specific product, ranging from 5-12 percent.

Local production is estimated at \$1.5 billion in 2011, consisting mainly of electro-medical equipment, dental equipment, and specialized x-ray and IVD equipment. Local production and imports do not overlap, as they do not compete with each other.

### **Sub-Sector Best Prospects**

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Products such as patient monitoring systems, mini invasive surgery (MIS), day surgery equipment, magnetic resonance imaging (MRI) equipment, video endoscopes, digital image processing, and picture archiving.

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Please see the Supplement to the Official Journal of the European Union:  
<http://ted.europa.eu>

Finnish Dental Congress and Exhibition 2013 (Finland's largest event for dentistry professionals): [www.finnexpo.fi](http://www.finnexpo.fi)

The Finnish Medical Convention and Exhibition 2014 (Finland's largest medical exhibition): [www.finnexpo.fi](http://www.finnexpo.fi)

### **Web Resources**

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Association of Laboratory and Health Care Products Suppliers – SAI-LAB, [www.sailab.fi](http://www.sailab.fi)  
European Commission, DG Health & Consumers, Public Health, Medical Devices, [ec.europa.eu/health/medical-devices/index\\_en.htm](http://ec.europa.eu/health/medical-devices/index_en.htm)  
The Finnish Healthcare Technology Association, [www.teknologiateollisuus.fi/fi/ryhmat-ja-yhdistykset/terveysteknologian-liitto-ry.html](http://www.teknologiateollisuus.fi/fi/ryhmat-ja-yhdistykset/terveysteknologian-liitto-ry.html)  
Finnish Medicines Agency Fimea, [www.fimea.fi](http://www.fimea.fi)  
Helsinki Fair Center, [www.finnexpo.fi](http://www.finnexpo.fi)  
Ministry of Social Affairs and Health, [www.stm.fi](http://www.stm.fi)  
National Board of Customs, [www.tulli.fi](http://www.tulli.fi)  
National Supervisory Authority for Welfare and Health Valvira, [www.valvira.fi](http://www.valvira.fi)  
VTT Industrial Systems, Medical Device Technology Group, [www.vtt.fi](http://www.vtt.fi)  
[katie.janhunen@trade.gov](mailto:katie.janhunen@trade.gov) (local contact)

## Safety and Security (SEC)

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Note: Official statistics not available.

The safety and security market is estimated to be over \$2.5 billion in 2012 (estimated). The market has grown quite continuously for the last ten years and it is expected to continue its steady growth over the next years.

General interest in private security products and services, public funding cutbacks in law enforcement resources and outsourcing of safety and security related services by private and public entities have increased the market demand.

The safety and security sector is very scattered with over 400 companies in the market, mostly ranging from small to middle-size companies. Characteristic for the market is that the largest security companies, which represent a minority in the market, employ close to 80 percent of the industry's personnel, and generate most of the sector's turnover. The safety and security sector employed close to 14,000 employees in 2011.

Information security products and services, guarding services, structural security products are the largest sub-sectors. The largest industries contracting security services are the manufacturing industry, real estate and construction, and trade in general. U.S. made safety and security products have a good reputation and are considered to be of high quality. On the downside, some products are also seen as expensive and not necessarily up to EU product standards.

### Sub-Sector Best Prospects

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Information security products and services, electronic security systems such as camera surveillance, lock systems and door automation, home security and personal safety accessories such as burglar alarm systems and fire detection equipment are considered best prospects in the Finnish safety and security market.

The public government sector, especially on municipal level, along with private residences are becoming more and more interested in safety and security solutions available in the market.

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There are no trade barriers for safety and security equipment. The customs duties vary between two to five percent. Products that are imported or exported within the EU must have CE marking and in some cases, must meet EU product standards.

The annual security industry trade fair Safety and Security in the city of Tampere and the bi-annual FinnSec in Helsinki will be held in November 2013. Both fairs attract a large number of decision makers responsible for safety and security at companies and other organizations and offer a good forum to present products and services in the field.

Finnsecurity RY <http://www.finnsecurity.fi>

Safety and Security trade fair in Tampere, November 5-7, 2013,

<http://www.turvallisuusmessut.fi/>

FinnSec trade fair in Helsinki, November 13-15, 2013

[mia.maki@trade.gov](mailto:mia.maki@trade.gov) (local contact)

## Telecommunications Services and Equipment (TEL, TES)

### Overview

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Note: Please visit Ficora – Finnish Communications Regulatory Authority for most recent communications market statistics and surveys - <http://www.ficora.fi/en/index/tutkimukset/generalmarketinformation.html>

Finland is known as a world leader in ICT innovation, information society development and high quality ICT products. It is one of the most advanced information societies in the world. As a percentage of GDP, Finnish R&D investments are the third largest in the world. Also the number of patents per capita, especially in the ICT field, is among the highest of the world, well known technologies and services originating from Finland include Linux, the SMS, ring tones and Internet banking services. Finland is also renowned as a pioneer in mobile telecommunications services and applications. Finland is the home of many niche leaders in related fields such as mobile commerce, wireless equipment and data security.

In the spring of 2013 Finland placed first in an international study where countries were ranked based among other factors on their technical infrastructure and possibilities and prevalence of use of ICT.

Although with only 5.4 million people the Finnish market is small, Finnish consumers and companies have proven to be quick to adopt new technologies. Finland is seen as a pioneering adapter and an important research center for new technology: in a 2012 survey up to 45% of all mobile phones used in Finland were smart phones. The trend is also set to continue – in the first quarter of 2013, 71% of mobile phones sold to the public were smart phones.

International companies (e.g., ICL, IBM, Siemens, Hewlett-Packard and Ericsson) have set up research units in Finland, increased their cooperation with Finnish firms, or acquired small companies in the sector. Many companies and researchers have found that Finland makes an ideal environment for developing and testing new types of communications and IT products, and this has no doubt helped drive the sector generally.

According to Ficora, the amount of mobile data transferred in Finland grew 20-fold between 2008 and 2012. Eurostat places Finland among the top countries in the European Union in terms of the number of mobile data connections, partly owing to a strongly grown interest in smart phones and tablet computers.

The telecommunications market in Finland is fully liberalized. No licenses are needed, except for digital television and mobile networks. Finland's Ministry of Transport and Communications is responsible for licensing. Finland was also the first country in the world to grant operating licenses for the third-generation (3G) mobile communications market in March 1999.

As of July 1, 2010, 1 Mbit Internet connection has been defined as a universal service. This means that telecom operators defined as universal service providers must be able to provide every permanent residence and business office with access to a reasonably priced and high-quality connection with a downstream rate of at least 1 Mbit/s.

In 2009, the Finnish Communications Regulatory Authority determined which telecom operators required to offer universal service programs. This requirement is expected to improve the quality and availability of connections in Finland's sparsely populated areas and to promote the economic vitality of rural areas, provide a good environment for businesses, and further enable electronic communications. Some variation will be allowed in the universal service connection speed to enable services also in mobile networks.

E-commerce enjoyed 15 percent growth in Finland in 2011 and experts believe the fast growth rate is set to continue in 2012. Online shopping is expected to grow by 15 percent in 2012, with online stores becoming more and more commonplace as mobile devices and mobile e-commerce applications increase.

The typical Finnish online store is a small company that focuses on a narrow specialist field. It is estimated that the larger online stores will start acquiring the smaller ones that have a well-functioning concept. The fastest growing customer segment for e-commerce in Finland consists of people over 50 years old.

Product information and prices are better in the online stores, which can also direct personal offers to the customers. The major e-commerce trends in Finland include the introduction of social media in e-commerce, standalone e-commerce applications for mobile devices, and online stores becoming cloud services.

### **Sub-Sector Best Prospects**

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Although highly competitive, the telecommunications sector also offers promise, with high demand for Internet and mobile services and content. Mobile phone sales seem to be recovering from the downturn, and the interest in smart phones is expected to increase, though price competition is also high. With the popularity of mobile Internet, and the increasing numbers of broadband Internet connections, e-commerce is expected to benefit.

### **Opportunities**

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Due to high technical standards and the liberalized telecommunications market, Finland serves as an excellent test base for new technologies for U.S. Information technology (IT) companies. U.S. IT companies wishing to enter the Baltic markets and Russia (especially St. Petersburg) should view Finland as a natural gateway and Finnish companies as experienced partners in any such effort.

Please see the Supplement to the European Union Official Journal  
<http://ted.europa.eu>.

See also [www.e-finland.fi](http://www.e-finland.fi) (e-business projects).

## Web Resources

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Helsinki Fair Center [www.finnexpo.fi](http://www.finnexpo.fi)

Ministry of Transport and Communications [www.mintc.fi](http://www.mintc.fi)

Finnish Federation for Communications and Teleinformatics [www.ficom.fi](http://www.ficom.fi)

Finnish Communications Regulatory Authority <http://www.ficora.fi/en/>

[katie.janhunen@trade.gov](mailto:katie.janhunen@trade.gov) (local contact)

## Travel and Tourism Services (TRA)

### Overview

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Unit: USD millions

	2010	2011	2012 (estimated)	2013 (estimated)
Total Travel	4750	4780	5020	5261
Domestic Travel	6100	6200	6510	6835
Incoming Travel	2920	3060	3210	3370
Foreign Travel	4270	4480	4700	4935
Travel to the USA	240	252	265	278

Exchange Rate: \$1= €0.78 (year 2012 average)

Sources: The Association of the Finnish Travel Agents, Statistics Finland, Balance of Payments, The U.S. Department of Commerce's Office of Travel and Tourism, and local sources.

The United States is one of the main long-haul destinations for Finns with almost 112,000 Finnish arrivals in 2012 (Jan-Nov). Florida, New York and California continue to be the best prospects for the U.S. travel industry. First time travelers, families with children, and senior citizens favor Florida, whereas younger people and experienced travelers favor New York and the West Coast.

A growing interest in travel has increased the number of Finns traveling abroad. Finns favor long-haul travel and Mediterranean destinations. Majority of Finns traveling abroad favor "sun and sand" followed by city destinations. However, a growing number of travelers are looking for activity holidays. Local culture, golf, fishing, diving, sailing, skiing and many other activities have become important for Finns when traveling abroad. Therefore, Finns have shown interest in other destinations such as Alaska, Arizona, Hawaii, Nevada, and New Mexico.

In 2011, the share of business travel was 18.8 percent, while Finns made 23,000 business trips to the United States (a 9 percent increase from 2010). This number is expected to increase in the future. New York City, Chicago, Boston, Los Angeles, Atlanta, and Las Vegas are the most important destinations for Finnish business people.

Finnair, the national air carrier is currently the only airline based in and operating flights from Finland to the United States. During the high season, Finnair has daily non-stop

flight service to New York. American Airlines will start seasonal non-stop operations from Chicago to Helsinki, Finland on June 13, 2013, ending in August 2013. Delta Air Lines is represented by AIR FRANCE KLM and United Airlines code shares with Lufthansa German Airlines. U.S. Airways is represented through its sales offices in Sweden.

There are no restrictions on the Finnish foreign travel. Since October 1, 1991, Finland has been included in the visa waiver program for visits up to 90 days in length. Machine-readable passports were introduced in Finland in 1987 and biometric passports in August 2006.

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Florida, California, and New York continue to be the best sales prospects for the U.S. travel industry. Chicago, Boston, Los Angeles, Atlanta, Las Vegas, and New York City are the most popular destinations for Finnish business travelers.

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Matka – Nordic Travel Fair 2014 (the largest travel fair in Northern Europe):  
[www.finnexpo.fi](http://www.finnexpo.fi)

Discover America Committee Finland: [www.discoveramerica.fi](http://www.discoveramerica.fi)

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Association of Finnish Travel Agents, [www.smal.fi](http://www.smal.fi)

Discover America Committee Finland, [www.discoveramerica.fi](http://www.discoveramerica.fi)

Finnish Business Travel Association, [www.fbta.net](http://www.fbta.net)

Finnish Tourist Board/Visit Finland, [www.mek.fi](http://www.mek.fi)

Helsinki Fair Center, [www.finnexpo.fi](http://www.finnexpo.fi)

League of Finnish American Societies, [www.sayl.fi](http://www.sayl.fi)

Statistics Finland, [www.tilastokeskus.fi](http://www.tilastokeskus.fi)

[katie.janhunen@trade.gov](mailto:katie.janhunen@trade.gov) (local contact)

## Agricultural Sectors

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### Overview

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Data Table - \$Millions	2009	2010	2011 (forecast)
#Total Market Size	22,707	24,667	25,700
Total Local Production	29,747	33,782	35,000
*Total Exports	13,645	15,779	17,700
*Total Imports	6,605	6,664	8,400
*Imports from the US	54	57	60

Exchange Rate: \$1=€0.76 (2010), \$1=€0.72 (2011)

Source: \*Finnish Customs and Statistics Finland (<http://www.stat.fi>)

\*Note: The above statistics are unofficial estimates

Due to the severe Nordic winters and relatively short growing season, Finland relies heavily on imported food and agricultural products. Finland's geographical proximity and long-established connections to the Baltic States and Russia offers an ideal business base in Northern Europe. Increased demand for consumer goods, agribusiness opportunities, food industry investments and tourism in the region has been generated by structural reforms and development of market economies in the Baltic countries and Russia.

### Best Products/Services

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Best prospects: wine, beer, healthy snacks, dried fruits and nuts, ethnic foods, organic foods, health and diet foods, convenience foods, frozen juices, TexMex items, sauces/seasonings, rice, seafood, pet food, canned fruits and vegetables, and fresh fruits: apples, pears, grape fruits, grapes, cherries.

### Opportunities

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Finland is a sophisticated market with a high standard of living, a well-educated workforce and growing incomes. The Finnish consumer has a high acceptance of new products and concepts. U.S. products are considered high quality and trendy. There is growing consumer demand for value-added products, convenience foods and functional foods as well as a proliferation of "healthy" and "greener" foods.

For current data on agricultural trade prospects with Finland, the reader is referred to the following Internet Web site: <http://stockholm.usembassy.gov/fas.html>. The USDA office in Stockholm, which has regional responsibility for Sweden, Finland, Norway and Denmark, maintains this site. Its content includes exporter/importer services, such as the new Trade Lead System (TLS), an internet data base tool created by FAS in partnership with the National Association of State Departments of Agriculture (NASDA). The TLS is designed to match U.S. exporters and foreign importers.

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## Chapter 5: Trade Regulations, Customs and Standards

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### Import Tariffs

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Duties and other import taxes are levied on the customs value of the goods at the point of importation. The customs value is based on the transaction value of the goods imported. In practice, the C.I.F. (cost, insurance, freight) value is commonly used as the customs value. To assess customs value, the place of importation must be indicated. In the case of sea and air cargo, the place of importation is the unloading location. In surface transportation, it is the Customs Office at the frontier. The customs value is determined according to the GATT Valuation Agreement and the Community Customs Code (Council regulation 2913/92), and the Regulation Laying Down Provisions for Implementation of the Customs Code (Commission regulation 2454/93). Depending on the product and excluding the foodstuff, the import tariff ranges from 0-17%.

For further information, please visit [www.tulli.fi](http://www.tulli.fi) (Finnish Customs).

### Trade Barriers

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As a member of European Union (EU), Finland adapts to European Union's (EU) internal market practices, which define Finland's trade relations both inside the EU and with non-EU countries.

Finland follows the system of Value-Added Tax, VAT. The standard VAT rate has been 23 percent since July 2010. Food products, animal feed, restaurant services, and meal catering services are taxed at 13 percent. Books, medicine, services relating to physical exercise and sports, movies, entrance to cultural events and to entertainment events, transport of passengers, accommodation, and TV licenses are taxed at 9 percent. Some sectors have been left outside the scope of VAT taxation. These sectors are expressly listed in the law and include selling real estate, apartments or flats in housing companies, healthcare services, and social services. Newspaper & periodical subscriptions have also been except from VAT, however, a recent parliament ruling is expected to extend VAT taxation to these as well at some point. Agricultural and forestry products continue to be subject to different forms of taxation outside the VAT.

Agricultural and forestry products continue to be subject to different forms of taxation outside the VAT. Further information on VAT is available at the Finnish Tax Administration site: [http://www.vero.fi/en-US/Companies\\_and\\_organisations/VAT](http://www.vero.fi/en-US/Companies_and_organisations/VAT)

In March 1997 EU commitments required the establishment of a tax border between the autonomously governed, but territorially Finnish, Aland Islands and the rest of Finland. As a result, the trade of goods and services between the rest of Finland and Aland Islands has since been treated as if it were trade with a non-EU area. Even though the Aland Islands are part of the EU, just as Finland is, Aland does not belong to the Union's tax area. This exception was drafted in order to protect the important shipping traffic and the tax-free sales when EU countries abandoned duty-free sales. The trade effect of this treatment is minimal since the Aland Islands are part of the EFTA tariff area.

For further information on existing trade barriers, please see the 2011 National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following link: <http://www.ustr.gov/about-us/press-office/reports-and-publications/2011-0>

## **Import Requirements and Documentation**

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Certain import/export items need to meet with special requirements and certifications set by the European Union or national standards. These are mostly articles that might damage health, welfare or country's economy, or result in the spread of animal and plant diseases.

The following items, among others, are subject to restrictions: Foodstuffs, fodder and fertilizers, alcoholic beverages and other products containing alcohol, pharmaceuticals, narcotics and dangerous drugs, some chemicals, nuclear and radioactive substances, explosives, blade knives, firearms and ammunition, obscene publications, and pressure vessels.

For further information, please visit [www.tulli.fi](http://www.tulli.fi) (Finnish Customs).

The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Many EU member states maintain their own list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law. For information relevant to member state import licenses, please consult the relevant member state Country Commercial Guide or conduct a search on the Commerce Department's Market Research Library, available from: <http://www.export.gov/mrktresearch/index.asp>.

## *Import Documentation*

### *Non-agricultural Documentation*

The official model for written declarations to customs is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III; of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57). Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

- The person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- The person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union is expected to be fully put into place by 2013 although there are concerns that this deadline may be missed due to the complexity of the project. Some facets of the MCC implementation have already

been put into place such as EU wide Economic Operators Registration and Identification (EORI) numbers. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:  
[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/community\\_code/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm).

### *REACH*

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU member states in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization and Restriction of Chemicals." Since June 1, 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Chemicals pre-registered before December 1, 2008, benefit from extended registration deadlines, from three to eleven years depending on the volume of the substance and its hazardous properties. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer.' A list of Only Representatives can be found on the website of the U.S. Mission to the EU:  
<http://www.buyusa.gov/europeanunion/reach.html>.

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements, and, at a later stage, may require authorization for the EU market. For more information, see the ECHA website:  
[http://echa.europa.eu/chem\\_data/authorisation\\_process/candidate\\_list\\_table\\_en.asp](http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp)

### *WEEE & RoHS*

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for Restricting the Use of Hazardous Substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. The WEEE and RoHS Directives are currently being revised to enlarge the scope and add substances to be banned in electrical and electronic equipment; U.S. exporters seeking more information on WEEE and RoHS regulations should visit: <http://www.buyusa.gov/europeanunion/weee.html>

### *Agricultural Documentation*

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.fas.usda.gov/posthome/Useu/certificates-overview.html>

Sanitary Certificates (Fisheries): In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC lays down specific conditions on imports of fishery products from the U.S. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to EU's one. The EU and the US are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU has put a ban in place since July 1, 2010, that prohibits the import of US bivalve mollusks, in whatever form, into the EU territory. This ban doesn't apply to wild roe-off scallops.

With the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate, covered by Regulation (EC) 1250/2008. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

Since June 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For further information on the issuance of this specific certificate please see the link below.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU ([stephane.vrignaud@trade.gov](mailto:stephane.vrignaud@trade.gov)) or visit the following NOAA dedicated web site: [http://www.seafood.nmfs.noaa.gov/EU\\_Export.html](http://www.seafood.nmfs.noaa.gov/EU_Export.html)

## U.S. Export Controls

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The Unit for Export Control in Finland is responsible for the following issues:

- Export control and licensing of dual-use goods and technologies

- Information systems related to export control
- Internal coordination of export control issues in the Ministry.

<http://formin.finland.fi/public/default.aspx?nodeId=15753&contentlan=2&culture=en-US>

For further information, please contact: Unit for Export Control, Department for External Economic Relations, Ministry for Foreign Affairs <http://formin.finland.fi> - e-mail: [Leena.Yli-Vakkuri-Gardemeister@formin.fi](mailto:Leena.Yli-Vakkuri-Gardemeister@formin.fi)

## Temporary Entry

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Temporary exemption from duty can be granted, for instance, to the following:

- Goods intended for public displays at exhibitions and fairs
- Commercial samples
- Professional tools and equipment

If the goods are put to unauthorized use or are not exported within the prescribed time they must go through normal customs clearance, and become liable for relevant duties and taxes.

In Finland, the ATA-Carnet, the international customs documentation for temporary duty-free admission, is issued by the Chamber of Commerce. The ATA-Carnets are frequently used for temporary imports, e.g. samples, exhibition materials, and professional equipment (laptop computers, software), and are valid for one year.

## Labeling and Marking Requirements

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Labeling and marking requirements in Finland are based on the Act on Product Safety, which was enacted in accordance with the EU directive on general product safety.

Mandatory information must be provided in Finnish and Swedish. The following information should be included in a retail packaging, or otherwise marked on the product (a sticker, label, etc.):

- The name and purpose of the product (for example hair color).
- The name of the manufacturer or importer, which the consumer or authority can contact if necessary.

When applicable, the following information should be provided to secure safe use of a consumer product:

- Product contents and size of contents.
- Patch number identifying the consignment.
- Instructions for assembly and information if the assembly requires specific qualifications for safe assembly.
- Instructions for use and storage.
- Warning labels and instructions for the use of necessary personal safety device.

- Washing, cleaning and care instructions.
- Instructions for disposal of the product and information on hazards for using the product and disposal of product.

Finland has precise labeling requirements for foodstuff. The general provisions are prescribed in the Decree of the Ministry of Trade and Industry on the Labeling of Foodstuffs (1084/2004, 588/2005, 1224/2007).

For more information on labeling and marking requirements, please visit the Finnish Consumer Agency <http://www.kuluttajavirasto.fi/> and <http://www.evira.fi/> (Finnish Food Safety Authority).

## Prohibited and Restricted Imports

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Finnish Customs updates a web-based handbook on prohibited and restricted imports. The following items are included in the listing:

- PCB and PCT chemicals used in transformers and condensers causing problem waste products
- CFC, HBFC, HCFC chemicals. The manufacturing, marketing, use and export of ozone-depleting substances and products that contain them is generally prohibited in Finland. Exceptions include the unavoidable use of such products for certain analytical processes in laboratories, and in the maintenance of refrigeration equipment that contains HCFC compounds with re-used or regenerated gases (until 31.12.2014) - import and use of virgin HCFC's is forbidden.
- Whale meat (CITES – Convention on International Trade in Endangered Species of Wild Flora and Fauna)

For further information on other prohibited and restricted imports, please see <http://www.tulli.fi> and the Environmental Administration's website <http://www.ymparisto.fi/default.asp?node=6040&lan=en>

## Customs Regulations and Contact Information

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Finnish Customs is a part of the customs system of the European Union (EU). In addition to customs regulations information, it offers customs statistics service.

Finnish Customs: <http://www.tulli.fi/en/index.jsp>

## Standards

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## Overview

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Established in 1924, the central body for standardization in Finland is the Finnish Standards Association - SFS ([www.sfs.fi](http://www.sfs.fi)). It is an independent, non-profit making organization cooperating with trade federations and industry, research institutes, labor market organizations, consumer organizations, and governmental and local authorities. Members of SFS include professional, commercial and industrial organizations, and the State of Finland represented by the ministries.

SFS Standards are voluntary documents. SFS and its standards-writing bodies coordinate the national standardization work. The total number of SFS Standards amounts to over 20,000. All SFS Standards are mentioned in the annual bilingual (Finnish and English) SFS Catalogue (see SFS website). It is continuously updated. SFS Standards are mainly originally drawn up by CEN, CENELEC, ISO, IEC and ETSI, and can be downloaded from the online shop of SFS (<http://sales.sfs.fi/sfs/index.jsp?setLang=1>). The Finnish Standards Association SFS and its standards-writing bodies, the SESKO (Electrotechnical Standardization in Finland - [www.sesko.fi](http://www.sesko.fi)) and the Finnish Communications Regulatory Authority ([www.ficora.fi](http://www.ficora.fi)) are members of the European standards organizations CEN, CENELEC and ETSI.

SFS promotes the use of standards in Finland by giving information on international, foreign and Finnish standards and drafts. The WTO Enquiry Point has operated at SFS by mandate of the Ministry of Employment and the Economy since 1980. National SFS Standards are sold in Finland only by SFS. Distribution of SFS standards abroad is handled by national ISO member bodies.

SFS is the Finnish source for all international standards and drafts of the International Organization for Standardization (ISO), for European standards and drafts of CEN and for publications of ISO member bodies. SFS also distributes other foreign standards and technical regulations.

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 27 EU member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to [http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm) . The concept of new approach legislation is likely to disappear

as the New Legislative Framework (NLF), which entered into force in January 2010, was put in place to serve as a kind of blueprint for existing and future CE marking legislation. Since 2010/2011 existing legislation has been reviewed to bring them in line with the NLF concepts.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might function as barriers to trade if U.S. standards are different from those of the European Union.

### *Agricultural Standards*

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.fas.usda.gov/posthome/useu/about.html>

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website:  
<http://www.fas.usda.gov/posthome/useu/about.html>

## **Standards Organizations**

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EU standards setting is a process based on consensus initiated by Industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

1. CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.eu/> )
2. ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
3. CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cen/pages/default.aspx>)

The only organization that develops standards in Finland is the Finnish Standards Association (<http://www.sfs.fi/en>).

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "sectors" page provides an overview by sector and/or

technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal ([http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU legislation, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cen.eu/cenorm/products/cwa/index.asp>

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

**Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

## **Conformity Assessment**

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

## **Product Certification**

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Product certification is voluntary in Finland.

To sell products in the EU market of 27 member states as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which

safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

## **Accreditation**

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Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"European Accreditation" (<http://www.european-accreditation.org/home>) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Please contact the Finnish Accreditation Service (FINAS) for further information (see <http://www.mikes.fi/frameset.aspx?url=finas.aspx%3FpageID=0%26categoryID=2&langID=uk>)

## **Publication of Technical Regulations**

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The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, studies by committees, and more (<http://eur-lex.europa.eu/JOIndex.do?ihmlang=en> ). It lists the standards reference numbers linked to legislation ([http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm) ).

National technical Regulations are published on the Commission's website [http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm) to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at Internet URL: <http://tsapps.nist.gov/notifyUS/data/index/index.cfm>

## Labeling and Marking

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers. Key Link: [http://ec.europa.eu/enterprise/prepack/packsize/packsiz\\_en.htm](http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm)

### *The Eco-label*

The EU eco-label is a voluntary label, which U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will be somewhere between €200 and €1200 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee with a maximum of €1500.

Key Links:

[Eco-label Home Page](#)

[Product Categories eligible for the Eco-label](#)

[Eco-Label Catalogue](#)

[List of Competent Bodies](#)

[Revision of the Eco-label](#)

### The Swan Label

Besides the CE Mark, which is required across the European Union, the Swan Label is a neutral and reliable Nordic Environmental Label. It directs products, their production and consumption into a more environmentally friendly direction. The Swan Label indicates that the products burden the environment less than other corresponding products - without compromising performance characteristics.

<http://www.ymparistomerkki.fi/english>

### **Contacts**

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Finnish Standards Association - SFS ([www.sfs.fi](http://www.sfs.fi))

SESKO (Electrotechnical Standardization in Finland) - [www.sesko.fi](http://www.sesko.fi))

Finnish Communications Regulatory Authority ([www.ficora.fi](http://www.ficora.fi))

Finnish Accreditation Service (FINAS)

<http://www.mikes.fi/frameset.aspx?url=finas.aspx%3FpageID=0%26categoryID=2&langID=uk>

The Swan Label - <http://www.ymparistomerkki.fi/english>

### **Trade Agreements**

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For a list of trade agreements with the EU and its member states, as well as concise explanations, please see [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

### **Membership in Free Trade Arrangements**

Finland joined the European Union on January 1, 1995, which means that Finland complies with trade agreements that the EU has made with third countries. Finland is also a member of the European Free Trade Association, and the European Economic Area.

## Bilateral Investment Agreements

Finland has concluded bilateral investment agreements with the following 64 countries: Azerbaijan, Albania, Algeria, Argentina, Armenia, Belarus, Bosnia-Herzegovina, Bulgaria, Chile, China, Croatia , the Czech Republic, the Dominican Republic, Egypt, El Salvador, Estonia, Ecuador, Ethiopia, Georgia, Guatemala, Hungary, India, Indonesia, Iran, Jordan, Kazakhstan, Kirghizia, , Kuwait, Latvia, Lithuania, Macedonia, Malaysia, Mauritius, Mongolia, Morocco, Mozambique, Mexico, Namibia, Nepal, Nigeria, Oman, Oriental Republic of Uruguay, Panama, Peru, Philippines, Poland, Qatar, Republic of Korea, Republic of Lebanon, Republic of Moldova, Republic of Slovenia, Romania, Russia, Slovakia, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uzbekistan, and Vietnam.

In September 1989, Finland and the U.S. signed a convention (TIAS 12101) for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital. The convention entered into force December 30, 1990. The tax convention was amended on 31 May 2006 under a protocol signed in Helsinki. The protocol changes the rules that apply to people falling within the area to which the convention applies, domicile, taxation of dividends, interest and royalties, restrictions on benefits, a method for eliminating double taxation and an exchange of tax information.

For a list of trade agreements with the EU and its member states, as well as concise explanations, please see [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp).

### Web Resources

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Finnish Tax Authority

[http://www.vero.fi/en-US/Companies\\_and\\_organisations/VAT](http://www.vero.fi/en-US/Companies_and_organisations/VAT)

USTR Reports, Document library; reports & publications

<http://www.ustr.gov>

The Finnish Consumer Agency & Ombudsman

<http://www.kuluttajavirasto.fi/en-GB/>

Finnish Food Safety Authority

<http://www.evira.fi/portal/en/>

Environmental Administration

<http://www.ymparisto.fi/default.asp?node=4032&lan=en>

Finnish Customs

[www.tulli.fi](http://www.tulli.fi)

National Supervisory Authority for Welfare and Health

<http://www.valvira.fi/en/>

Import Requirements and Documentation (EU):

[EU websites:](#)

Online customs tariff database (TARIC):

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

The Modernized Community Customs Code MCCC):

[http://europa.eu/legislation\\_summaries/customs/do0001\\_en.htm](http://europa.eu/legislation_summaries/customs/do0001_en.htm)

ECHA:

<http://echa.europa.eu>

Taxation and Customs Union:

[http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

### International Level:

What is Customs Valuation?

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/european/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm)

Customs and Security: Two communications and a proposal for amending the Community Customs Code

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)

Contact Information at National Customs Authorities:

[http://ec.europa.eu/taxation\\_customs/taxation/personal\\_tax/savings\\_tax/contact\\_points/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm)

Cenelec, European Committee for Electrotechnical Standardization:

<http://www.cenelec.eu/>

ETSI, European Telecommunications Standards Institute:

<http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:

<http://www.cen.eu/cenorm/homepage.htm>

Standardisation – Mandates:

[http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm)

Nando (New Approach Notified and Designated Organizations) Information System:

<http://ec.europa.eu/enterprise/newapproach/nando/>

European Co-operation for Accreditation:

<http://www.european-accreditation.org/home>

Standards Reference Numbers linked to Legislation:

[http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm)

What's New

[http://ec.europa.eu/enterprise/policies/european-standards/news/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/news/index_en.htm)

National technical Regulations

[http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm)

NIST - Notify U.S.:

<https://tsapps.nist.gov/notifyus/data/about/about.cfm>

European Union Eco-label Homepage:

[http://ec.europa.eu/comm/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/comm/environment/ecolabel/index_en.htm)

*U.S. websites:*

National Trade Estimate Report on Foreign Trade Barriers:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2009/2009-national-trade-estimate-report-foreign-trad>

Agricultural Trade Barriers:

<http://www.fas.usda.gov/posthome/Useu/>

Trade Compliance Center:

<http://www.trade.gov/tcc>

U.S. Mission to the European Union:

<http://useu.usmission.gov/>

The Latest on REACH:

<http://export.gov/europeanunion/reachclp/index.asp>

WEEE and RoHS in the EU:

<http://export.gov/europeanunion/weeerohs/index.asp>

Center for Food Safety and Applied Nutrition

<http://www.fda.gov/Food/default.htm>

EU Marking, Labeling and Packaging – An Overview

[http://www.buyusainfo.net/docs/x\\_4171929.pdf](http://www.buyusainfo.net/docs/x_4171929.pdf)

The European Union Eco-Label:

[http://buyusainfo.net/docs/x\\_4284752.pdf](http://buyusainfo.net/docs/x_4284752.pdf)

Trade Agreements

[http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

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## Chapter 6: Investment Climate

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### Openness to, and Restrictions Upon, Foreign Investment

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The Finnish government is open to direct foreign investment. There are no general regulatory limitations relating to acquisitions. Legislative control of mergers and acquisitions is mainly governed by domestic and EU competition rules. Certain acquisitions of large Finnish companies may require follow-up clearance from the Ministry of Employment and the Economy in accordance with the Act on the Control of Foreign Acquisitions of Finnish Companies. The purpose of the clearance is to protect essential national interests.

However, in November 2010, the government of Finland submitted to Parliament a proposal for a new act on the monitoring of foreigners' corporate acquisitions (HE 272/2010), the ratified act (172/2012) entered into force on June 1, 2012. Monitoring is targeted at Finnish enterprises considered critical to securing vital functions within society, for example those that are key in terms of securing national emergency supplies and national security. Only corporate acquisitions in the defense and dual-use goods sector are subject, without exception, to advance confirmation by the public authorities, based on an application. In the civil sector, monitoring is targeted at Finnish enterprises considered critical to securing vital functions within society. Within the civil sector, corporate acquisitions are subject to declaration.

Corporate acquisition refers to a transaction in which a foreign owner gains control of a minimum of 10 percent of the total number of votes accompanying shares in a limited liability company, or, in the case of another type of corporation or business undertaking, gains corresponding, dominant control over the acquired enterprise. As regards the defense material industry, monitoring covers all foreign owners. In other respects, monitoring only applies to foreign owners domiciled outside the EU and European Free Trade Association (EFTA) states. For more information see:

[http://www.tem.fi/files/33479/Monitoring\\_of\\_foreign\\_corporate\\_acquisitions\\_by\\_the\\_Ministry\\_of\\_Employment\\_and\\_the\\_Economy\\_041012.pdf](http://www.tem.fi/files/33479/Monitoring_of_foreign_corporate_acquisitions_by_the_Ministry_of_Employment_and_the_Economy_041012.pdf)

Unlike many other countries, Finland does not “positively” discriminate in favor of foreign-owned firms by giving them tax holidays or other subsidies not available to other firms in the economy. Instead, Finland relies on “condition-providing policies” that offer all firms in the economy appropriate conditions and sufficient pools of advanced factors of production, including an educated labor force and well-functioning infrastructure.

There are some legal requirements for non-European Economic Area (EEA) residents (persons or companies) to conduct business in Finland. In certain areas involving specific safety or health hazards or financial risks, specific conditions must be met to conduct trade. A non-EEA resident operating in Finland must obtain a license or a notification when starting a business in the “regulated” forms of trade. Licensed trades are governed by acts and decrees. A list of licensed trades can be found at Enterprise Finland:

<http://www.yrityssuomi.fi/web/enterprise-finland/licenced-trades>

The Aland Islands are an exception to common Finnish practice. Based on international agreements dating from 1921, property ownership and the right to conduct business are limited to only those individuals with the right of domicile in the Aland Islands. It does not prevent people from settling in or trading with the Aland Islands. Immigrants who have lived in Aland for five years and have an adequate knowledge of Swedish may apply for domicile status. However, the Aland Government can, occasionally, grant exemptions from the requirement of right of domicile for those wishing to acquire real property or conduct a business in Aland.

In 2006, the United States and Finland signed a protocol amending the existing double taxation treaty, which significantly reduced tax-related barriers to trade and investment flows between the countries. The tax convention entered into force December 30, 1990.

The salary and fringe benefits paid to qualifying foreign key employees, such as employees with special knowledge or competence, are taxed at the flat rate of 35 percent during a maximum of 48 months of assignment in Finland provided that the employee has a special tax card (which must be applied for separately).

For detailed tax guidance see the Finnish Tax Administration’s website:

[http://www.vero.fi/en-US/Companies\\_and\\_organisations](http://www.vero.fi/en-US/Companies_and_organisations)

and the Finnish Foundation for Share Promotion’s Tax Guide for Investors:

[http://www.porssisaatio.fi/en/f/files/2012/05/tax\\_guide\\_2011\\_ver2.pdf](http://www.porssisaatio.fi/en/f/files/2012/05/tax_guide_2011_ver2.pdf)

Economic indicators for the year 2013/2012/2011 include:

Measure	Year	Index/Ranking
TI Corruption Index	2012	90 / 1
Heritage Economic Freedom	2012	72.3/ 17 (world), 8 (Europe)
World Bank Doing Business	2013	11
MCC Gov't Effectiveness	2011	2.25
MCC Rule of Law	2011	1.96
MCC Control of Corruption	2011	2.19
Fiscal Freedom	2012	65.4
Trade Freedom	2012	87.1
MCC Regulatory Quality	2011	1.77
MCC Business Start Up	2013	49
MCC Land Rights Access	N/A	N/A
Natural Resource Mgmt. NRMI	2011	95.6
DB Access to Credit	2012	40
IMF Inflation (average)	2012	2.9

In 2012, the Grant Thornton Global Dynamism Index (GDI) ranked Finland as having the most dynamic business environment in the world. The GDI index also ranked Finland as having the second most dynamic environment for science and technology. According to the index, Finland is among the most open economies in the world with robust and transparent regulatory systems. Investment in R&D remains high whilst open trade policies and strong institutions provide a low risk environment for investment. *(The GDI model was developed by the Economist Intelligence Unit (EIU), which analyzed 50 economies on 22 indicators of dynamism across five categories: business operating environment, economics and growth, science and technology, labor and human capital, and the financing environment).*

## Conversion and Transfer Policies

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Except for those relating to money laundering, there are practically no legal obstacles to direct foreign investment in Finnish securities nor are there exchange controls regarding payments into and out of Finland. Funds from Finland or to Finland are freely transferable. Specific legal provisions prevent money laundering and the financing of terrorism. Therefore, in order to verify the legal origin of funds, credit institutions and banks must identify their regular customers and report on any suspected cases of money laundering. Banks and credit institutions must also report single payment transfers or payments of EUR 15,000 or more. If payments differ from customers' normal banking business, banks will usually require written explanations about the origin of funds, even in connection with small payments. If banks have reason to suspect the origin of the funds, they must immediately inform the National Bureau of Investigation.

There are no restrictions on current transfers or repatriation of profits. Residents and non-residents may hold foreign exchange accounts. There is no limit on dividend distributions, as long as they correspond to a company's official earnings records. Payments to or from Finland must, however, be made through authorized banks in Finland.

Finland has been a pioneering country in electronic payments. Ninety-seven percent of Finnish credit transfers are automated and Finnish banks have had a significant role in the development and automation of corporate payment transmissions and financial management processes.

In June 2007, Finland implemented an EU regulation on the transport of currency over EU borders. According to the regulation, persons carrying USD 14,500 (EUR 10,000) or more will be required to declare cash upon entering or leaving EU territory. The regulation only imposes an obligation to declare the currency and does not restrict or prohibit the import or export of the currency.

Finland adopted the single currency (the Euro) on January 1, 1999. The Euro replaced the Finnish Mark at the end of a three-year transition period on January 1, 2002.

While Finland does not preclude foreign investment, certain tax policies may make it unattractive to some investors. Finnish tax authorities treat a "flip" (moving ownership of a foreign company into a U.S. company) to a U.S. entity as a sale, and therefore a taxable event. Finland complies with EU directives that require it to allow such "flips" based in other EU member states without treating them as taxable events. However, Finnish authorities continue to tax "flips" to non-EU jurisdictions, like the United States.

## **Expropriation and Compensation**

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Private property rights are well protected in Finland. Private property is only expropriated for public purposes (eminent domain), in a non-discriminatory manner, with reasonable compensation, and in accordance with established principles of international law.

## **Dispute Settlement**

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There is no record of any significant investment dispute in Finland in recent years. Finland has a civil law system. Swedish law and Nordic tradition have influenced statutory law and jurisprudence. European Community (EC) law is directly applicable in Finland and takes precedence over national legislation. Finland has written and consistently applied commercial and bankruptcy laws, and secured interest in property are recognized and enforced. A Bankruptcy Act, which entered into force on September 1, 2004, contains provisions about bankruptcy procedures.

<http://www.oikeus.fi/17302.htm>

Finland signed the Convention on the Settlement of Investment Disputes between States and Nationals of other States (also known as the ICSID Convention or the Washington Convention) on July 14, 1967 and deposited its instrument of ratification on January 9, 1969. Finland attained the status of a Contracting State to the ICSID Convention on February 8, 1969. Finland signed the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in December, 1958. The convention entered into force in Finland in April 1962.

The impartial Arbitration Institute of the Finland Chamber of Commerce, established in 1911, promotes the settlement of business disputes through arbitration. The Institute appoints arbitrators both to domestic and international arbitration proceedings. For more information see: <http://www.arbitration.fi/en/indexen.html>

Arbitration statistics can be found at: <http://arbitration.fi/en/statistics/>

The Market Court was established in 2002 as a special court for rulings in market law, competition, and public procurement cases. The Market Court may issue injunctions against the illegal restriction of competition and order monetary penalties. It also has duties in the supervision of mergers and acquisitions. In addition, the Market Court may overturn public procurement decisions, adjust the procurement process, and order compensatory payments. The Market Court has jurisdiction in disputes between the Consumer Ombudsman and businesses as to whether goods or services have been marketed in an unfair manner.

Major revisions to Finnish competition legislation took effect in May 2004. The Act on Competition Restrictions was harmonized with EU competition rules. A new Competition Act entered into force in Finland on November 1, 2011. It brought Finland's competition regime closer to that of the EU's. The most important changes relate to merger control, certain procedural rules, leniency, and damages. For more information see the Competition Act (No 948/2011): <http://www.kilpailuvirasto.fi/cgi-in/english.cgi?luku=legislation&sivu=competition-act>

The Finnish Competition Authority merged with the Consumer Agency to form the Finnish Competition and Consumer Authority (FCCA) on January 1, 2013. The purpose of the new agency is to ensure a healthy and functioning market where enterprises and other players act responsibly and in the interest of consumers.

Finland brought the EU Mediation Directive (2008/52/EC) into force by implementing the Act on Mediation in Civil Disputes and Certification of Settlements by Courts (394/2011) in May 2011. This replaced the Act on Court-Annexed Mediation (663/2005). Both the directive and the new act aim to facilitate access to alternative dispute resolution, and promote the amicable settlement of disputes by encouraging the use of mediation and by ensuring a balanced relationship between mediation and judicial proceedings. The new act also applies to settlements concluded in other EU member states.

Finland ranked ninth on the ease of enforcing contracts among 185 economies covered by World Bank's and International Finance Corporation's Doing Business 2013 -

Measuring Business Regulation report. The rankings factor court procedures and the time and cost to resolve commercial disputes.

## Performance Requirements and Incentives

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There are no performance requirements or commitments imposed on foreign investment in Finland. However, to conduct business in Finland, some residency requirements must be met; the intent being to ensure that persons liable for the company's acts can be brought to court if necessary.

Amendments to the Finnish Limited Liability Companies Act were entered into force in August 2009 to allow the participation of shareholders (particularly non-Finnish shareholders) in the general meetings of listed companies.

For more information see: Limited Liability Companies Act of Finland:  
<http://www.finlex.fi/fi/laki/kaannokset/2006/en20060624.pdf>

Foreign-owned companies are eligible for government incentives on an equal footing with Finnish-owned companies. Support is given in the form of grants, loans, tax benefits, equity participation, guarantees, and employee training.

Business aid and EU support: Business aid to companies is coordinated by 15 Centers for Economic Development, Transport, and the Environment (ELY), which provide advisory, financing, and development services for enterprises; employment-based aid and labor market training; and advice on immigration matters and EU structural projects. Foreign investors can benefit from several different types of aid. For more information see: <http://www.ely-keskus.fi/en/frontpage/business/Sivut/default.aspx>

Loans and guarantees by Finnvera: State-owned financing company Finnvera offers services to businesses of all sizes and in all sectors, except basic agriculture. Its services range from loans and guarantees to start-ups and micro-enterprises, to export credit guarantees to large exporters and their financiers. Finnvera serves its clients through 15 regional offices, through the Representative Office (The Finland House) in St. Petersburg, and through the Finland Trade Center/Finpro office in Moscow. Finnvera is also Finland's official Export Credit Agency (ECA). For more information see: <http://www.finnvera.fi/eng>

R&D incentives by Finnish Funding Agency for Technology and Innovation (Tekes): Tekes provides low-interest loans and grants to challenging and innovative projects. Foreign-owned companies with R&D activities in Finland are not required to have a Finnish partner to be eligible for funding. The financed project should, however, contribute to the Finnish economy. For more information see: [http://www.tekes.fi/en/community/Funding\\_and\\_services/346/Funding\\_and\\_services/1238](http://www.tekes.fi/en/community/Funding_and_services/346/Funding_and_services/1238)

Support for innovative business ventures can also be obtained from the Foundation for Finnish Inventions. For more information see: [www.keksintosaatio.fi](http://www.keksintosaatio.fi)

The Invest in Finland Bureau, a government agency promoting foreign investments into Finland, assists international companies in finding business opportunities in Finland and provides all the relevant information and guidance required to establish a business in Finland. Finpro is a Finnish trade, internationalization and investment development organization established by Finnish companies in 1919. The operations of Invest in Finland were merged with Finpro and its international network in June 2012, to simplify Finland's business and innovation system and to boost Finland's competitive investment environment. For more information see: <http://www.investinfinland.fi/> and <http://www.finpro.fi/web/english-pages/frontpage>

## **Right to Private Ownership and Establishment**

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Private ownership and entrepreneurship is normal in Finland. In most fields of business activity, participation by foreign companies or individuals is unrestricted. As the government pursues privatization of state-owned companies, both private and foreign participation is welcome except in some enterprises operating in sectors related to national security.

Competitive equality is the official standard applied to private enterprises in competition with public enterprises. Private companies do not face discrimination. With the end of the Restriction Act in January 1993, Finland removed most restrictions on foreign ownership of property in Finland. Restrictions, such as requirements to obtain permission of the local government in order to purchase a vacation home in Finland were abolished January 1, 2000, bringing Finland fully in line with EU norms.

## **Protection of Property Rights**

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Secured interest in property, both movable and real, are recognized and enforced. The Finnish legal system protects property rights, including intellectual property, and Finland adheres to numerous international agreements concerning intellectual property. Finland has joined the most important copyright agreements. Patent rights are consistent with international standards. In Finland, a granted patent applies for 20 years. The time of validity of patents concerning medicinal products and plant protection products can under certain conditions be prolonged by a maximum of five (5) years through a Supplementary Protection Certificate. In 1996, Finland joined the European Patent Convention (EPC) and the European Patent Organization (EPO). Finland is a member of WIPO, and participates primarily through its membership in the EU. The idea of protection of intellectual property is well developed. In March 2009, GOF published a national IPR strategy. For more information see: [http://www.tem.fi/files/26944/TEM\\_27\\_2010\\_netti.pdf](http://www.tem.fi/files/26944/TEM_27_2010_netti.pdf)

Finland Joined WIPO's Patent Law Treaty (PLT) in March 2006.

In 2008, the Finnish Parliament passed legislation that (as of April 2009) amended a pharmaceutical reference pricing system. The pharmaceutical industry complained that a provision of that system undermines the patent protection of medicines created and manufactured by non-Finnish pharmaceutical companies. Specifically, the industry asserts that the pricing scheme, as amended, subjects products protected by process

patents to the reference pricing restrictions applicable to generic products and deprives pharmaceutical process patent holders in Finland of appropriate compensation for the value of the intellectual property they created in the original products. Given the significant and continued U.S. governmental and private industry concerns over pharmaceutical patent protections, Finland was placed on the 2009 Watch List in the Office of the U.S. Trade Representative's Special 301 report, and has been included every year since.

Information on copying and copyright infringement is provided by the following copyright holder interest organizations: Copyright Society of Performing Artists and Phonogram Producers in Finland (Gramex), Finnish Composers' Copyright Society (Teosto), Copyright organization for authors and publishers (Kopioisto), The Visual Artists Copyright Society (Kuvasto), Finnish Audiovisual Producers' Copyright Society (Tuotos) and Finnish copyright society managing the rights of literary copyright holders (Sanasto), the Copyright Information and Anti-Piracy Center (CIAPC), The Finnish Copyright Society, The Finnish Copyright Institute, the Copyright Information Centre, and The IPR University Centre. The Business Software Alliance (BSA), a worldwide software anti-piracy organization, began operations in Finland in January 1994.

Finland has been a member of the Paris Convention for the Protection of Industrial Property since 1921; the Berne Convention for the Protection of Literary and Artistic works since 1928; the Rome International Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations since 1983; and the Hague Agreement Concerning the International Deposit of Industrial Designs (Geneva Act 1999) since May 2011.

Finnish copyright legislation was amended in 2005 to meet the demands of the digital environment and the internet. The amendments to the Copyright Act and the amended section 49 of the Criminal Code came into force from the beginning of 2006. This reform implemented the Copyright Directive adopted by the EU in 2001. The amendments also addressed a number of national issues, such as the prohibition of the importation of pirated recordings for personal use.

Finland signed the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) in May 1997, ratified the treaties in December 2009, and the treaties entered into force in March 2010.

The Finnish Copyright Act, which also grants protection to authors, performing artists, record producers, broadcasting organizations and catalog producers, has been adjusted to comply with EU directives. As part of this harmonization, the period of copyright protection was extended from 50 years to 70 years from the death of the author. Database protection is covered by the Copyright Act. Databases, including catalogues, are protected for 15 years. The Finnish Copyright Act provides for sanctions ranging from fines to imprisonment for up to two years. Search and seizure is authorized in the case of criminal piracy, as is the forfeiture of financial gains. The Copyright Act has covered computer software since 1991.

Finland acceded to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS, 1994), which is an annex to the WTO Agreement. The TRIPS treaty,

which took force in 1995, contains regulations governing the enforcement of intellectual property rights, i.e. industrial property rights and copyrights.

Amendments to the Finnish Penal Code made in 2009 have enhanced the position of employers in regards to the protection of their business secrets, with employees required to keep a former employer's business secrets confidential for two years after termination of employment.

The Trademarks Act, which came into force in March 2000, brought Finnish Trade Mark Law into line with the Trade Mark Treaty. Amendments to the Trademarks Act which entered into force on January 1, 2011 require, among other things, that a trademark applicant or proprietor, not domiciled in Finland, must have a representative resident in the European Economic Area. Finland signed the Singapore Treaty on the Law of Trademarks in October 2006.

The significance of mortgage banks has remained minor as deposit banks have traditionally handled housing loans in Finland. The Mortgage Society of Finland is operating in accordance with designated special legislation.

## **Transparency of Regulatory System**

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The legal and enforcement framework for competition is in line with European Union laws. Finnish competition laws were reformed to bring them in line with EU regulations in May 2004 and November 2011.

The Securities Market Act (SMA) contains regulations on corporate disclosure procedures and requirements, responsibility for flagging share ownership, insider regulations and offenses, the issuing and marketing of securities, and trading. The law defines and takes into account new instruments, which have become common in financial markets, such as repurchase agreements. Finnish legislation recognizes the internationally accepted contractual arrangements as does legislation elsewhere in the EU. Regulations concerning the clearing of securities trades have been incorporated into the law since 1998. Clearing has become subject to licensing, and is supervised by the Financial Supervision Authority, which oversees the financial markets.

New securities market legislation took effect on January 1, 2013. The goal of the new legislation is to improve the competitiveness and reliability of the Finnish securities market by dividing the old Securities Market Act into several separate acts. The former Securities Market Act has been broken into the Securities Market Act, the Act on Trading in Financial Instruments, the Act on the Book-Entry System and Clearing Operations, and the Investment Services Act. These acts constitute the new securities market framework with the already separate existing acts on Book-Entry Accounts and on the Financial Supervisory Authority. The new Securities Market Act's general principles are (i) prohibition of actions against good conduct on the securities markets and of improper business practices, (ii) prohibition to give false or misleading information on the securities market, and (iii) the duty to provide investors with equal access to sufficient information on matters that may have a material effect on the value of the relevant security.

For more information see the Financial Supervisory Authority's overview of regulations for listed companies: [http://www.fin-fsa.fi/en/Listed\\_companies/Regulation/Pages/Default.aspx](http://www.fin-fsa.fi/en/Listed_companies/Regulation/Pages/Default.aspx)

Finnish tax, labor, health and safety, and related laws and policies are largely neutral towards the efficient mobilization and allocation of investment. Finnish legislation does not normally influence regional distribution of investment except when specifically designed to do so, such as through regional incentive programs.

In Finland, the Act on the Openness of Public Documents of 1951 established the openness of all records and documents in the possession of officials of the state, municipalities, and registered religious communities. Exceptions to the basic principle could only be made by law, or by an executive order for specific enumerated reasons such as national security. The openness of unsigned draft documents was not mandated, but up to the consideration of the public official. This weakness of the law was removed when the law was revised in the 1990s and again in 2002. The revised law, the Act on the Openness of Government Activities of 1999, also extended the principle of openness to corporations that perform legally mandated public duties, such as pension funds and public utilities, and to computer documents. For more information see Ministry of Justice, Openness of Government Activities: <http://www.om.fi/23963.htm>

The Finnish state administration discussion forum at <http://www.otakantaa.fi/fi-FI> provides an opportunity for all citizens to comment on planned or on-going projects, legislative reforms, or other current issues being drafted within the public administration. The objective is to improve project management openness and interaction between the public administration and citizens.

A new law on Citizens' Initiatives entered into force March 1, 2012. The new law introduced a new form of public participation in Finland. Citizens may bring forward to Parliament proposals for legal acts (excluding state budget proposals). The proposals need to be supported by at least 50,000 voters. The Ministry of Justice has set up an online system to collect statements of support. The organizer of an initiative has six months to collect the necessary statements of support.

## **Efficient Capital Markets and Portfolio Investment**

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Credit is allocated on market terms and is made available to foreign investors in a non-discriminatory manner. The private sector has access to a variety of credit instruments. Legal, regulatory, and accounting systems are transparent and consistent with international norms.

The Helsinki Stock Exchange has since September 2003 been part of OMX, referred to as OMX Helsinki (OMXH). Since NASDAQ's acquisition of OMX in February 2008, the official name of the Helsinki exchange has been NASDAQ OMX Helsinki. OMX Helsinki is part of the NASDAQ OMX Nordic division, together with the stock exchanges in Stockholm, Copenhagen, Iceland, Tallinn, Riga, and Vilnius.

Banking is open to foreign competition. Compared to the international average, the number of banks in Finland is high. The reason for this is the high number of banks in the OP-Pohjola Group (211), a cooperative of independent, local deposit banks that are

engaged in retail banking. Outside the OP-Pohjola Group there were 14 commercial banks, 36 local cooperative banks, 33 savings banks, and 16 branches of foreign deposit taking banks. At the end of 2011, there were 310 deposit banks operating in Finland, 294 of them were domestic. The total assets of the domestic banking groups and branches of foreign banks operating in Finland amounted to EUR 552.3billion in 2011. For more info see the Federation of Finnish Financial Services “Finnish banking in 2011” report:

[http://www.fkl.fi/en/material/publications/Publications/Finnish\\_Banking\\_in\\_2011.pdf](http://www.fkl.fi/en/material/publications/Publications/Finnish_Banking_in_2011.pdf)

Increased mergers and alliances have been shaping the Finnish banking sector in recent years. The banking and finance market has become increasingly international, with Scandinavian banks particularly active in cross-border mergers and acquisitions.

All authorized deposit-taking banks are members of the Deposit Guarantee Fund. If an individual bank becomes insolvent, the Fund will compensate its customers’ deposits to a maximum of EUR 100,000 per depositor.

Finland’s banking system is the strongest in the EU in terms of its financial position, according to credit rating company Moody’s “Banking System Outlook: Baltics” report released in November 2012. Finland’s banking system is also ranked as the strongest in the Eurozone, according to a Moody’s global comparison of national banking systems. Moody’s ranked the financial strength of Finland’s banking system as 11th internationally.

Hostile takeovers have not in the past been part of the Finnish business culture and Finnish law does not distinguish between friendly and hostile takeovers. Finnish legislation does not expressly address takeover defenses. In Finnish law, the legality of takeover defenses is evaluated primarily in light of the leading principles of the Security Markets Act (SMA), the principle of equal treatment of all shareholders, and general principles of company law. If challenged, the legality of the defensive measures is subject to review by the courts.

The Finnish Panel on Takeovers and Mergers issues recommendations that provide direction for mergers and acquisitions. One can contact the panel for a statement regarding interpretation of the recommendations, good securities markets practices, as well as an individual company’s legal issues.

For more see: [http://www.yrityskauppalaautakunta.fi/yritys\\_eng/](http://www.yrityskauppalaautakunta.fi/yritys_eng/)

Finland changed over to the Single Euro Payments Area (SEPA) in January 2008. The system began with credit transfers and cards, and starting from July 2010, International Bank Account Numbers (IBAN) and Bank Identification Code (BIC) data have been compulsory on invoices and credit transfer forms, along with Finnish account numbers. Since November 2010 Finnish banks offering domestic direct debit services have offered SEPA Core Direct Debit to payer customers requiring such services, and the transition period for SEPA Credit Transfers ended on December 31, 2010 (when the four national standards became obsolete.) SEPA replaces 32 national payment systems in Europe with one single European system working with uniform standards and regulations.

The statute regulating the administration of state majority-owned companies is the Ownership Steering Act (1368/2007). The act applies to decision making concerning Finnish government shareholdings and government ownership steering in state-majority owned companies and associated companies.

For more information see:

[http://valtioniomistus.fi/english/files/2011/12/VALTIONYHTIOeLAKI\\_en.pdf](http://valtioniomistus.fi/english/files/2011/12/VALTIONYHTIOeLAKI_en.pdf)

Duties relating to state ownership steering are handled in the Ownership Steering Department in the Prime Minister's Office. The department is responsible for state ownership policy, the ownership steering of state-owned companies under the Prime Minister's Office, expansion of the ownership base, branch re-organizations, share investments, coordination of ministries' ownership steering procedures and inter-ministerial cooperation. The Minister responsible for Ownership Steering in the Prime Minister's Office is Minister Heidi Hautala.

The State as of December 2012 has direct ownership of shares in three listed companies (Finnair, Fortum, and Neste Oil). In addition, the wholly state-owned company Solidium Oy has shares of 11 listed companies in its share portfolio. The State is also an owner in 46 non-listed companies. A list of state owned companies can be found here: <http://valtioniomistus.fi/english/companies/state-majority-owned-companies/>

The State's objective as a shareholder is to provide consistent and predictable solutions and act as openly as possible. The most important ownership policy tools include Government resolutions, statements of the Cabinet Committee on Economic Policy and recommendations and statements by the responsible Ministries. All of the aforementioned documents are public and available to all market actors.

The guidelines "Handling of Corporate Governance Issues in State-owned Companies and Associated Companies," dated November 13, 2000, is an important instrument in the government's corporate governance policy. The guidelines stress the independence of the state-owned companies' boards and their goal to increase shareholder value. The Finnish government has since spring 2006 published (in Finnish), on the internet, the salaries and remunerations of the management and boards of state-owned and associated companies.

In November 2011, the Government adopted a government resolution outlining the objectives and principles for its state ownership policy, replacing the previous government resolution on ownership steering adopted in 2007. The adopted resolution places greater emphasis on responsibility, openness and long-term goal setting. The resolution calls for responsibility and openness as it regards reporting, remuneration, and the overall transparency of business activities. According to the resolution, non-listed state-owned and state majority-owned companies must, in the future, report their responsibilities in an accurate manner. This will allow comparison between companies. The Finnish government expects companies to ensure that their subcontractors also follow the same principles of responsibility. The resolution also focuses on the composition of companies' boards of directors and emphasizes the need to promote equal opportunities. This includes gender equality.

The government resolution, based on the Government Program, provides guidelines for ownership steering within ministries. It also provides companies, stakeholders and markets with information about the main practices of the Finnish government as an owner. The resolution builds on the continuation of the government's active, market-based ownership policy. The underlying principle is that corporate assets held by the Finnish government constitute an important part of its national wealth.

In August 2012, the Cabinet Committee on Economic Policy adopted a statement on remuneration of management in state-owned companies (the previous statement dated from autumn 2009). Openness and moderation are the statement's fundamental premises. Remuneration must be predictable and transparent, so that everyone involved can assess its efficiency. According to the statement, the threshold for remuneration must be sufficiently challenging to reach and it is particularly important to ensure that remuneration does not lead to excesses jeopardizing the targets set for remuneration schemes.

Finland does not have a sovereign wealth fund.

Solidium, a limited liability company fully owned by the government of Finland, invests in companies that are considered to be of national importance and that will increase the value of Solidium's holdings in the long term. Solidium may invest in Finnish listed companies, foreign listed companies with extensive operations in Finland, and also in companies that are preparing for a listing.

## **Corporate Social Responsibility**

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Finland is committed to compliance with and the promotion of corporate social responsibility by supporting the implementation of international codes of conduct guiding the operations of multinational enterprises. Such international codes of conduct include the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, and the tripartite declaration of principles concerning multinational enterprises and social policy by the ILO. These include instructions and rules of conduct concerning the financial, ecological, and social responsibility of enterprises, such as human rights, rights at work, the abolition of child labor, the environment, anti-corruption measures, consumer protection, and science and technology issues.

Having committed to these guidelines, Finland strives to influence Finnish companies so that they operate sustainably and responsibly in all countries. Compliance with the guidelines is voluntary for enterprises. Furthermore, business and non-governmental organizations have compiled corresponding recommendations for enterprises.

The Committee on Corporate Social Responsibility, operating in connection with the Ministry of Employment and the Economy, is the National Contact Point that monitors the application of the OECD Guidelines for Multinational Enterprises in Finnish multinationals.

The Government Decree on the Committee on Corporate Social Responsibility can be found at:

[http://www.tem.fi/files/23532/Government\\_Decree\\_on\\_the\\_Committee\\_on\\_Social\\_and\\_Corporate\\_Responsibility\\_\(.pdf](http://www.tem.fi/files/23532/Government_Decree_on_the_Committee_on_Social_and_Corporate_Responsibility_(.pdf)

Finland supports the efforts of the United Nations' Global Compact (ten principles in the areas of human rights, labor, the environment and anti-corruption) through development cooperation funds. Enterprises and other organizations can, if they wish, commit themselves directly to compliance with the Global Compact principles.

In Finland, the Securities Market Association established by the Central Chamber of Commerce, the Confederation of Finnish Industries (EK) and NASDAQ OMX Helsinki Ltd has developed and updated the Finnish Corporate Governance Code for companies listed on the Helsinki Stock Exchange.

The Corporate Governance Code for Finnish Companies published in June 2010 can be found at: [http://www.nasdaqomx.com/digitalAssets/71/71589\\_finnish\\_cg\\_code\\_2010.pdf](http://www.nasdaqomx.com/digitalAssets/71/71589_finnish_cg_code_2010.pdf)

The Code harmonizes the practices of listed companies as well as the information given to shareholders and other investors. It also improves the transparency of administrative bodies, management remuneration, and remuneration policies. The aim of the Code is that Finnish listed companies apply corporate governance practices that are of a high international standard.

The Corporate Responsibility Network (FiBS), established in 2000, is the leading corporate responsibility network in Finland. It has the mission of promoting financially, socially, and ecologically sustainable business in Finland. FiBS currently has around 200 members.

## **Political Violence**

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There are no instances of political violence.

## **Corruption**

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Corruption in Finland is covered by the Criminal Code and provides for sanctions ranging from fines to imprisonment for up to four years, depending on the seriousness of the crime. Both giving and accepting a bribe is considered a criminal act under the Criminal Code. Finland has statutory tax rules concerning non-deductibility of bribes.

Finland does not have an authority specifically charged with the prevention of corruption. Coordination of horizontal and international cooperation anti-corruption matters is the responsibility of the Ministry of Justice. However, Finland's anti-corruption contact point for EU purposes is in the Ministry of the Interior and the National Bureau of Investigation has an officer whose full-time duty is to follow matters related to corruption in Finland.

For more, see the Ministry of Justice's "Corruption and the Prevention of Corruption in Finland" publication summarizing the available data on corruption in Finland and describing the law and the role of the authorities in the prevention of and response to corruption. The publication also provides an overview of social factors as well as factors related to the administrative system, law enforcement, and the court system:

<http://www.om.fi/en/Etusivu/Julkaisut/Esitteet/CorruptionandthePreventionofCorruptioninFinland>

Over the past decade, Finland repeatedly has placed first or second on Transparency International's Corruption Perceptions Index (CPI), indicating extraordinarily low perceived levels of corruption, as determined by expert assessments and opinion surveys. In 2012, Transparency International ranked Finland as the least corrupt country in the world. Finland's top ranking was based in part on "strong access to information systems and rules governing the behavior of those in public positions." Transparency International's office in Finland says that Finland still faces some corruption issues related to "old-boys' networks" where a small group of elites, sometimes with political connections, make deals and decisions in a non-transparent manner. While not a pervasive trend, Finnish authorities have investigated at least three cases involving this kind of deal-making.

The Act on a Candidate's Election Funding (273/2009) entered into force on May 1, 2009. The act lays down provisions on candidates' election funding and disclosure rules in parliamentary, presidential, municipal, and European Parliamentary elections. The act was amended in 2010 and the amendments entered into force on September 1, 2010. The Act on a Candidate's Election Funding obliges presidential candidates, Members of Parliament and Deputy Members to declare their total campaign financing and the financial value of each contribution as well as the name of the donor for donations exceeding the value of EUR 1,500. The amendments to the Act on Political Parties (10/1969) concerning the funding of political parties entered into force on September 1, 2010, implementing stricter provisions concerning bribery of members of the Finnish Parliament and increasing the transparency of party funding in Finland. The National Audit Office of Finland keeps a register containing the information in the election funding disclosures and advance disclosures. The register is available at <http://www.vaalirahoitusvalvonta.fi> (only in Finnish and Swedish).

Transparency International's national chapter Transparency Finland was founded in late 2003. Transparency Finland's prime objectives are informing and educating the public about international treaties, corruption, and the consequences of corruption. In addition, Transparency Finland strives to spread awareness of the problems and threats facing good governance. More information can be found at: <http://www.transparency.fi/>

Finland is a signatory to the OECD Convention on Anti-Bribery. The instruments of ratification of the convention were deposited in December 1998. The amended penal code entered into force in January 1999. The convention entered into force in February 1999.

A Transparency International progress report on enforcement of the OECD Convention, released in September 2012, rated Finland's enforcement as moderate. Inadequacies were found in adequate training for prosecutors, and the lack of awareness about foreign bribery offences and relevant laws within the public and private sectors, especially in high-risk sectors.

Finland ratified the UN Convention against Corruption in July, 2006.

Finland ratified the Council of Europe Civil Law Convention on Corruption in October 2001 (which entered into force in November 2003) and then signed the UN Convention against Corruption in December 2003. The Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime entered into force in Finland in July 1994. The UN Convention against Transnational Organized Crime was ratified in February 2003.

Finland ratified the Criminal Law Convention on Corruption (EST 173) in October 2002, and the Convention entered into force in February 2003. In 2008 and again in 2011 Finland renewed the reservations in respect to Article 12 (trading in influence) and Article 17 (jurisdiction). This renewal will come into effect on February 1, 2012 and will be valid for three years from that date.

Finland is a member of the European Partners against Corruption (EPAC), which cooperates with national police oversight bodies and anti-corruption authorities of the European Union. Finland has joined the Extractive Industries Transparency Initiative (EITI), which supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas, and mining.

Finland is a party to the 1957 European Convention on Extradition. Finland has ratified the 1959 European Convention on Mutual Legal Assistance in Criminal Matters and its 1978 Additional Protocol. Finland is a party to the 1996 Convention on Extradition between EU member States as well the 1995 Convention on Simplified Extradition Procedure within the EU.

The U.S and Finland have an extradition treaty, signed in June 1976; that entered into force in May 1980. The U.S. and Finland signed a bilateral extradition and mutual legal assistance treaty (MLAT) in December 2004. The U.S. and the EU signed a bilateral extradition and mutual legal assistance treaty (MLAT) in December 2003. The Finnish Parliament ratified the agreements (HE 85/2005) and approved the necessary implementing bilateral instruments in December 2007.

## **Bilateral Investment Agreements**

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Finland has concluded bilateral investment agreements with the following 64 countries: Azerbaijan, Albania, Algeria, Argentina, Armenia, Belarus, Bosnia-Herzegovina, Bulgaria, Chile, China, Croatia, the Czech Republic, the Dominican Republic, Egypt, El Salvador, Estonia, Ecuador, Ethiopia, Georgia, Guatemala, Hungary, India, Indonesia, Iran, Jordan, Kazakhstan, Kirghizia, , Kuwait, Latvia, Lithuania, Macedonia, Malaysia, Mauritius, Mongolia, Morocco, Mozambique, Mexico, Namibia, Nepal, Nigeria, Oman, Oriental Republic of Uruguay, Panama, Peru, Philippines, Poland, Qatar, Republic of Korea, Republic of Lebanon, Republic of Moldova, Republic of Slovenia, Romania, Russia, Slovakia, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uzbekistan, and Vietnam.

In September 1989, Finland and the U.S. signed a convention (TIAS 12101) for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital. The convention entered into force December 30, 1990. The tax convention was amended on May 31, 2006 under a protocol signed in Helsinki.

Among other things, the protocol eliminates the source-country withholding tax on many intercompany dividends and on dividends paid to pension funds, updates the dividend article to incorporate policies reflected in the U.S. Model provision, such as those regarding real estate investment trusts (REITs), and eliminates source-country withholding royalties payment regardless of the type of intellectual property, bringing the convention in line with the U.S. Model treaty. For more see:

[http://www.treas.gov/press/releases/reports/js4298\\_attachment\\_finnishprotocol06.pdf](http://www.treas.gov/press/releases/reports/js4298_attachment_finnishprotocol06.pdf)

The protocol was passed by the Finnish Parliament, and the United States signed the instruments of ratification in December 2007.

## **OPIC and Other Investment Insurance Programs**

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In January 1996, OPIC and Finnvera (the former Finnish Guarantee Board FGB) signed an agreement to encourage joint U.S. - Finnish private investments in Russia and the Baltic States. The 1996 agreement was preceded, in 1992, by a Principles of Cooperation Agreement between OPIC and the Finnish Fund for Industrial Cooperation (Finnfund).

Finland has been a member of the Multilateral Investment Guarantee Agency (MIGA) since 1988.

## **Labor**

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The Finnish labor force is highly skilled and well educated. Of the 2.46 million persons employed, 4.7 percent are employed in the primary sector, 23 percent in industry and construction and 72.3 percent in services.

Finland has a unionization rate of around 67.8 percent, and a long tradition of social dialogue. Wage formation and labor market institutions are based on legislation and agreements. The working life legislation has been prepared on a tripartite basis by government and social partners. Collective bargaining and collective labor agreements are generally binding in nature. Finland adheres to most ILO conventions; enforcement of worker rights is effective.

Regulation of the labor market - minimum wages, working hours, working conditions, etc. - to a large extent takes place through collective agreements instead of parliamentary legislation. In recent years, labor market partners at the local level have been given more flexibility in enforcing the stipulations of the collective agreements.

Any trade union and employers' association may make collective agreements. Nearly all collective agreements are branch-specific. The Ministry of Labor and the Economy decides on the universal validity of the agreement. The parties to collective agreements are trade unions and the central organizations of employers' associations. The role of the government has been, when needed, to support the conclusion of collective agreements by making the appropriate economic policy decisions, such as in cases involving taxes. Extensive tripartite cooperation between the government, employers groups, and trade unions characterize the country's labor market system.

The Act on Employment Contracts is the main regulating act applied to employment relationships. It includes the minimum conditions regarding working hours, annual leave, safety conditions, etc.

The unemployment rate in November 2012 was 7.3 percent, against 6.2 percent a year earlier. The unemployed are granted compensation (a labor market subsidy) which, if linked to earnings, as has been the case for about 60 percent of the unemployed, guarantees moderate income for a period up to 500 working days. Since January 2006, the labor market subsidy has had restrictions placed upon it. People without jobs after 500 days need to demonstrate that they are actively pursuing employment in order to continue receiving the benefit.

For more info see Kela – The Social Insurance Institution of Finland:  
<http://www.kela.fi/in/internet/english.nsf/NET/081101150015EH?OpenDocument>

The temporary limits on the free movement of workers from eight EU member states were not renewed, and the restrictions applied to work permits ended in Finland in May 2006. Parliament adopted the amendments to the Aliens Act fully incorporating the directive on free movement of EU citizens into national law. The act came into force in April 2007.

Due to the aging population in Finland, all sectors of the economy are estimated to face labor shortages in the future. It is estimated that between 2013-2014 the number of working-age people (15-64 yrs.) will fall by an average of (17,000 people a year), causing the labor force to shrink, according to the Finnish Ministry of Finance. The labor shortage issue is likely to be amplified by low levels of immigration and difficulties getting young Finns into the work force earlier. Some Finns do not start their careers until their late 20s because of the free education system in Finland. The rapidly aging population will be a long-term problem for Finland's economic sustainability.

## **Foreign-Trade Zones/Free Ports**

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Finland has two free warehouse areas, Hanko and Oulu, and four free zones, Hamina Lappeenranta, Turku and Kemi. The duty free storage areas, which are usually run by municipal corporations, are available to domestic and foreign-owned companies. Warehousing, assembly and manufacturing are allowed in these areas, with permission from the Board of Customs. The free zone area regulations have been harmonized in the EU by the Community Customs Code.

All shipments from the United States, Canada, China and Japan containing non-manufactured wood packing materials (NWPM) of coniferous wood, must be treated and marked as such.

See the Finnish Board of Customs for more information at: <http://www.tulli.fi/en/index.jsp>

## **Foreign Direct Investment Statistics**

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Finland's outward FDI totaled EUR 3.5 billion in 2011, which is EUR 4.2 billion less than in 2010. Excluding pass-through capital, outward FDI was only EUR 0.9 billion lower than in the previous year. The financial crisis of 2008 did not affect FDI outflows to the

same extent as inflows. Finnish companies have expanded business activities abroad. Finnish investors are increasingly providing direct funding to foreign investment enterprises, and these no longer raise independent funding from financial markets to the same extent as before. Consequently, growth in pass-through capital partly reflects increased funding of foreign investment enterprises via Finnish investors. In the first half of 2012, FDI flows from Finland amounted to only EUR 0.6 billion.

Direct investment inflows in 2011 totaled EUR 1.9 billion, which is EUR 3 billion less than a year earlier. Excluding pass-through capital, inward FDI was EUR 300 million higher than in the previous year. In the first half of 2012, FDI inflows amounted to just EUR 30 million. The financial crisis that started in 2008 had an exceptionally strong impact on FDI flows to Finland by international standards. In 2002-2007, inward FDI was about EUR 5.5 billion annually, whereas in 2008-2011 average annual FDI inflows were only EUR 1.6 billion and, excluding pass-through capital, only EUR 500 million.

In 2011, the stock of outward direct investment was EUR 103.3 billion and the stock of inward direct investment was EUR 65.4 billion.

In January-June 2012, the bulk of inward portfolio investment, amounting to over EUR 17 billion, was made in long-term debt securities. This was in line with the overall trend in capital inflows in the years following the 2008 financial crisis.

Outward portfolio investment consisted mainly of shares of investment funds registered abroad, the net purchases of which totaled EUR 3.3 billion. Investment in foreign shares amounted to EUR 1.2 billion. In contrast, investment in foreign long-term debt securities decreased by nearly EUR 1.6 billion, due to re-sales abroad and redemptions. These debt securities were issued mainly by monetary financial institutions and the Finnish central government. The net sales abroad of Finnish-company shares totaled EUR 3.4 billion and that of shares in Finnish-registered investment funds totaled EUR 2.1 billion.

Looking at investor sectors, the bulk of capital outflows was accounted for by employment pension funds and other social security funds, which increased their foreign portfolio investments by EUR 3.8 billion. Finnish-registered investment funds increased their foreign investments by EUR 1.9 billion. In contrast, banks repatriated their foreign portfolio investment assets in the worth of over EUR 3 billion.

No policies exist that govern the export of capital and outward direct investment. Holders of capital, Finnish and foreign, can move funds at will.

For more FDI statistical info See Bank of Finland's "Finland's balance of payments, annual review 2011 - 2012/I-II"  
[http://www.suomenpankki.fi/en/tilastot/maksutase/Documents/Finland%27s\\_balance\\_of\\_payments\\_2011\\_2012\\_en.pdf](http://www.suomenpankki.fi/en/tilastot/maksutase/Documents/Finland%27s_balance_of_payments_2011_2012_en.pdf)

In 2011, the stock of foreign investments in Finland totaled slightly over EUR 60 billion euros, about 32 percent of GDP, while the European Union average was 42 percent.

Major U.S. investors in Finland (in terms of turnover) in 2011 included: Valtra (EUR 616 million), OMG Finland (\*EUR 507 million), Hewlett-Packard (EUR 477 million), IBM (\*EUR 367 million), John Deere Forestry (\* EUR 360 million), Tellabs (\*EUR 326 million),

Accenture (\* EUR 283 million), AGCO Sisu Power (EUR 281 million), Ford (EUR 264 million) Tech Data Finland (\* EUR 254 million). \* = consolidated turnover

For 2011 the major foreign investors in terms of turnover included: Nordea Bank and Life Assurance (\*EUR 6.16 billion), Tamro (\*EUR 4.22 billion), RTF Auto (EUR 2.57 billion), ABB (\*EUR 2.35 billion), Teboil (\*EUR 2.27 billion), Luvata (\*EUR 1.71 billion), TeliaSonera (\*EUR 1.62 billion), Sampo Bank (\*EUR 1.09 billion), Norilsk Nickel Harjavalta (\*EUR 1.07 billion), and Finland's Local Store (\*EUR 1.03 billion).

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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Finland ranks among the most advanced countries in the world when it comes to banking technology. Where banks have devised services drawing on new technologies, customers have welcomed the new ways of banking and innovative solutions. This approach plays a key role behind the widespread use of the novel services in Finland.

Finnish banking is different from banking elsewhere in Europe in many ways. In Finland, payments are transmitted electronically up to 98 percent and payment processing has been reduced at bank branches by not only tele-banking services, which have been readily adopted by both businesses and households, but also by “EFTPOS” terminals and increased use of cards for payment of shopping. Payment transmission between businesses is almost entirely automatic. In practice, the paper vouchers are disposed and a significant part of corporate account statements are in electronic format.

Finland is one of the forerunners in the Single Euro Payments Area (SEPA) migration. It successfully migrated to SEPA in credit transfers already by the end of October 2011. Domestic credit transfers have become SEPA credit transfers and legacy domestic payment file standards have been replaced by the ISO 20022 standard. By the end date altogether 90 percent of companies had concluded the migration. The banks have temporary solutions with the remaining 10 percent.

SEPA is created by European banks, the European Central Bank, and the European Commission and the new system will comprise of credit transfers, card payments and direct debits. In practice, the change means that 32 national payment systems (including all EU countries, ETA countries, Switzerland and Monaco) will be replaced by a new system, operating according to uniform rules and common standards.

For further information on SEPA, please see <http://www.fkl.fi>.

### How Does the Banking System Operate

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At the end of 2011, there were a total of 310 banks in Finland. These included domestic deposit banks, investment banks, and branches and subsidiaries of foreign credit institutions. The number of branches of foreign banks accepting deposits was 16. The banks had a total of 1,576 branches in Finland at the end of the year.

The Finnish banking system is dominated by three major groups of deposit banks: OP-Pohjola Group, Nordea Bank Finland, and Sampo Bank which is part of Danske Bank A/S. Operating since 1982, Citibank International plc. was the first foreign branch in Finland.

Mergers and consortiums have formed the Finnish banking sector. Banks and insurance companies have sought new forms of co-operation, and the operations of banks have extended to many sectors of financing and investment. The financial and banking markets are international, and it is almost impossible to draw a boundary between national and international banking.

The most important piece of legislation governing banking in Finland is the Act on Credit Institutions. Compliance with the laws and regulations is overseen by the Financial Supervisory Authority, which also monitors that banks maintain a healthy ratio of capital adequacy. The Financial Supervisory Authority (FIN-FSA), also known as Finanssivalvonta (FIVA) is the authority for supervision of Finland's financial and insurance sectors. The entities supervised by the FIN-FSA include banks, insurance and pension companies as well as other companies operating in the insurance sector, investment firms, fund management companies and the Helsinki Stock Exchange.

The Federation of Finnish Financial Services (FKL) is a trade body that represents its member companies who engage in the financial services industry in Finland. The Federation was formed at the start of 2007 when the Finnish Bankers' Association, the Federation of Finnish Insurance Companies, the Finnish Finance Houses Association, and the Employers' Association of Finnish Financial Institutions joined forces. The Finnish Association of Securities Dealers also joined the Federation in 2009.

For further information on banks and the Finnish banking system, please see <http://www.finanssivalvonta.fi>, <http://www.fkl.fi>

## **Foreign-Exchange Controls**

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Finnish foreign exchange controls have been abolished.

## **U.S. Banks and Local Correspondent Banks**

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All principal Finnish banks have extensive correspondent relationships with U.S. banks, maintaining relationships with banks in every state as well as with all of the larger financial center banks. Further information on correspondent relationships can be obtained from the Federation of Finnish Financial Services, Bulevardi 28, FIN-00120 Helsinki; Tel: +358 20 7934 200, fax: +358 20 7934 202 (web site: <http://www.fkl.fi/en/Pages/default.aspx>)

## **Project Financing**

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The Finnish financial market is typical of European countries where banks and financing institutions have a dominant role. A project finance package usually includes financing from a variety of sources, different types of collateral arrangements, guarantees, escrow accounts, project sponsor commitments, etc. Development banks, such as the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) often play an important role in co-financing large-scale projects.

Major Finnish government and other programs are detailed below:

**Finnfund** - The Finnish Fund for Industrial Cooperation: Similar to the U.S. government-sponsored OPIC, Finnfund promotes investments in developing countries and Russia. Apart from co-investing with Finnish companies it finances ventures that use Finnish technology, cooperate with Finnish partners on a long-term basis or generate major environmental or social benefits. Finnfund provides equity capital as well as long-term investment loans and participates in guarantee arrangements. In addition to financing, the corporation offers a broad range of fund-management and advisory services. Finnfund is owned by the State of Finland, Finnvera, and Confederation of Finnish Industries.

**NIB** - Nordic Investment Bank: The Nordic Investment Bank (NIB) is a multilateral financial institution headquartered in Helsinki. NIB promotes sustainable growth of its eight member countries (Finland, Sweden, Norway, Denmark, Iceland, Estonia, Latvia, and Lithuania) by providing long-term complementary financing, based on sound banking principles, to projects that strengthen competitiveness and enhance the environment. Loans and guarantees are given to investments that assure energy supply; improve infrastructure or support research and development. NIB finances investment projects and project exports, both in and outside the member countries. The bank has lending operations both in its member countries and in emerging markets. High priority is given to investments furthering economic cooperation between the member countries.

**Finnvera plc.** - A specialized financing company owned by the State of Finland, Finnvera plc. provides services to supplement the Finnish financial market. Finnvera's task is to promote the development of enterprise, regions and the exports of Finnish companies. Finnvera carries out this task by improving the range and versatility of financing options available to enterprises through loans, guarantees, capital investments and export credit guarantees. Finnvera grants loans to enterprises and entrepreneurs, and issues guarantees and export credit guarantees to enterprises and financiers. Through its special loans and guarantees, Finnvera also acts as an intermediary between the European Union's financing programs and Finnish SMEs. Finnvera acts as Finland's official Export Credit Agency (ECA), providing export guarantees and insurance.

**Finnish Export Credit Ltd (FEC)** - FEC is an internationally notified official Export Credit Agency and a wholly owned subsidiary of Finnvera plc. FEC administers on behalf of the Finnish Government the interest equalization scheme for officially supported export credits and domestic ship financing at CIRRs (Commercial Interest Reference Rate) in accordance with the OECD Arrangement. FEC also provides export credits when a withholding tax benefit can be achieved.

**Sitra and Tekes:** Sitra (the Finnish National Fund for Research and Development) and Tekes (the Finnish Funding Agency for Technology and Development) are independent public financing institutions with the purpose of strengthening the role of research in economic life and promoting new products. The aim is to introduce internationally competitive high-technology products and production methods. Sitra's focus is to make its new venture-capital investments in selected program areas. The aim of the market-based investments is to create and develop competitive and profitable businesses.

Tekes funds industrial projects as well as project in research organizations, and especially promotes innovative, risk-intensive projects. Tekes offers partners from abroad a gateway to the key technology players in Finland. Activities should diversify production structures, increase production and exports, and create a foundation for employment and well-being.

**Ministry of Employment and the Economy:** As of January 1, 2010, the former Employment and Economic Development Centers (T&E Centers) were substituted by new regional Centers for Economic Development, Transport and the Environment (ELY Centers). The tasks of the centers comprise those of the former Employment and Economic Centers, Road Districts, Regional Environmental Centers and State Provincial Offices. The newly formed centers operate in close collaboration with the Regional Councils and promote entrepreneurship, functioning of labor market, competence and cultural activities.

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: <http://www.exim.gov/tools/countrylimitationschedule/>

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: [USDA Commodity Credit Corporation](#)

U.S. Agency for International Development: <http://www.usaid.gov>

Federation of Finnish Financial Services: <http://www.fkl.fi>

The Financial Supervisory Authority (FIN-FSA): <http://www.finanssivalvonta.fi>

Finnfund: <http://www.finnfund.fi>

Nordic Investment Bank: <http://www.nib.int/home/>

Finnvera plc: <http://www.finnvera.fi>

Finnish Export Credit Ltd: <http://www.fec.fi>

Finnish National Fund for Research and Development: <http://www.sitra.fi>

Technology Development Center: <http://www.tekes.fi>

Ministry of Employment and the Economy: <http://www.tem.fi>

ELYCenters: <http://www.ely-keskus.fi>

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## Chapter 8: Business Travel

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### **Business Customs**

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Finland is a modern, commercially mature country that enjoys close relations with its Nordic neighbors. Social and business protocol is similar to that in the United States. It is worth noting that relationships are important within the social and business world, as Finns prefer to deal with people they know and trust.

### **Travel Advisory**

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U.S. Department of State Consular Information Sheet – Finland:  
[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1115.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1115.html)

### **Visa Requirements**

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Finland is a party to the Schengen agreement. As such, U.S. citizens may enter Finland for up to 90 days for tourist or business purposes without a visa. The passport should be valid for at least three months beyond the period of stay. Visa applications should be submitted to a Finnish diplomatic mission before entry into Finland.

A foreigner needs a residence permit in order to stay in Finland for a longer period of time. However, residence permits are also needed for short stays of less than three months if the purpose of the stay is to work in Finland. Residence permits require either a valid passport or a travel document. Foreigners must have work permits if they intend to work in Finland. Exceptions are citizens of the Nordic countries or citizens of EU/EEA countries. EU-citizens outside the Nordic countries need to apply for an EEA-card from the local police for stays exceeding 90 days. An EEA-card is a combined work and residence permit.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Embassy Helsinki, Finland Consular Section website:  
<http://finland.usembassy.gov/cons.html>

## Telecommunications

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Finland's telecommunications environment is one of the most advanced in Europe. According to Statistics Finland, since 2005, 100 percent of households have had at least one mobile phone. Finland has also one of the highest numbers of computers per capita worldwide connected to the Internet and is the world's leading country in electronic banking. High-speed Internet connections are available at all business hotels.

Voice communication services have largely moved to mobile networks in Finland. Today, broadband connections for data services have widely replaced fixed telephone network based dial up connections. At the same time, the number of fixed telephone network subscriptions is diminishing. The popularity of mobile broadband is growing rapidly. For information on telecommunications in Finland, please visit [www.expat-finland.com/telecommunications\\_and\\_media/index.html](http://www.expat-finland.com/telecommunications_and_media/index.html)

## Transportation

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Finland has a well-developed infrastructure. Finland's transportation system is based on an efficient rail and road network, supported by a wide network of freight forwarders and trucking companies. Finland's domestic distribution system for goods and services is efficient. The well-functioning transportation system and the fact that Finland's rail gauge is the same as Russia's make the country a good transshipment point for Russian trade. Among other projects, Finland is developing the "gateway" concept further by maintaining and extending a highway in southern Finland that would reach the Russian border at the southern Vaalimaa border crossing point. The E18 road, from Kristiansand, Norway, through Sweden and Finland, to St. Petersburg, Russia, is part of the European Union Trans European Road Network system, connecting EU-member Nordic capitals with efficient roads. The E18 highway project is estimated to be ready in 2015 according to the Finnish Road Administration (Tiehallinto).

Finland has over 50 merchant shipping ports, of which more than 10 are located on inland waterways connected to the Baltic Sea by the Saimaa Canal. Twenty-three seaports are open year round. Finnish ports, 15 of which deal with transit traffic through Finland, can handle a wide range of cargo. The 10 biggest ports handle more than 75 percent of all sea-borne cargo traffic. The ports near the Russian border (Hamina-Kotka and Mustola) concentrate on forestry goods, bulk cargo and free zone activities. Ports are secure and automated; loading and unloading operations are consistently quick and trouble-free.

## Language

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The two official languages in Finland are Finnish and Swedish. About 91.5 percent of the population speaks Finnish and 5.5 percent Swedish as their native language. Both languages are compulsory at school. English is widely spoken in Finland, especially among younger people and in major cities.

## Health

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Medical facilities are widely available. The public hospital system will not honor foreign credit cards and/or U.S. insurance coverage. However, private hospitals and clinics that accept major credit cards are widely available. Travelers have found that, in some cases, a letter from their carrier describing supplemental medical insurance with specific overseas coverage has proved useful.

A foreigner is usually covered by the Finnish social security after moving to Finland, with health care as one of the benefits. Services are provided within each municipality. The quality of public health care is equivalent to care given by private doctors. In addition, the employers subsidize occupational health care.

## Local Time, Business Hours, and Holidays

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The standard time zone in Finland is EET (Eastern European Time), which is UTC (Coordinated Universal Time) + 2 hours.

Business hours in Finland are generally 08.00 AM to 04.00 PM. The average Finnish workweek is 40 hours per week, with annual leave of 25 days, 12.5 free days, and 9 paid holidays. Part-time employment averages to 17.8 hours per week.

The national holidays in 2013 are:

- New Year's Day (January 1)
- Epiphany (January 6)
- Good Friday (March 29)
- Easter Monday (April 1)
- May Day (May 1)
- Ascension Day (May 9)
- Mid-Summer (June 21)
- Independence Day (December 6)
- Christmas Eve (December 24)
- Christmas (December 25-26)

## Temporary Entry of Materials and Personal Belongings

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Please see Chapter 5: Trade Regulations and Standards – Temporary entry

U.S. Department of State Consular Information Sheet – Finland:

[http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_1115.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_1115.html)

Finnish Immigration Service Website:

<http://www.migri.fi/netcomm/content.asp?path=8,2471&language=EN>

Ministry for Foreign Affairs of Finland:

<http://formin.finland.fi/public/default.aspx?nodeid=15716&contentlan=2&culture=en-US>

Finnish Police:

<http://www.poliisi.fi/poliisi/home.nsf/pages/CCCAC60A96939016C2256EF4002D9058?OpenDocument>

Finnish Transport Agency:

<http://www.liikennevirasto.fi/sivu/www/e/>

Port of Hamina-Kotka:

<http://www.portofhamina.fi/en>

Port of Mustola:

[http://www.portoflappeenranta.fi/In\\_English/Port\\_of\\_Mustola.iw3](http://www.portoflappeenranta.fi/In_English/Port_of_Mustola.iw3)

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## Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
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### Contacts

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#### U.S. Embassy Trade Personnel

Commercial Service of the United States  
Embassy of the United States of America  
Itainen Puistotie 14 B  
FIN-00140 Helsinki, Finland

or

COML/FCS

Unit 5310, Box 1112

DPO AE 09723-1112

Tel: (358-9) 616 250

Fax: (358-9) 6162 5130

E-mail: [office.helsinki@trade.gov](mailto:office.helsinki@trade.gov)

Mr. Nicholas Kuchova, Regional Senior Commercial Officer, Nordics (Finland, Sweden, Norway, and Denmark)

Ms. Mia Maki, Commercial Specialist

Ms. Katie Janhunen, Commercial Specialist

Political- Economic Affairs Section

Itainen Puistotie 14 B

FIN-00140 Helsinki, Finland

Tel: (358-9) 616 250

Fax: (358-9) 6162 5766

Mr. Rodney Hunter, Chief of Political Economic Section

Mr. Daniel Daley, Economic Officer

Ms. Riikka Aho, Economic Specialist

Defense Attaché Office

Itainen Puistotie 14 B

FIN-00140 Helsinki, Finland

Tel: (358-9) 616 250

Fax: (358-9) 6162 5808

Mr. Scott Davis, Defense Attaché

Mr. Michael Huth, Army Attaché

Mr. Matthew Davis, Chief, Office of Defense Operation

Foreign Agricultural Service  
Dag Hammarskjölds Väg 31  
S-115 89 Stockholm, Sweden

Tel: (46-8) 783 5392/5470

Fax: (46-8) 662 8495

Email: [agstockholm@fas.usda.gov](mailto:agstockholm@fas.usda.gov)

Ms. Mary Ellen Smith, Agricultural Counselor (for Belgium, Luxemburg, Denmark, Iceland, Sweden, Finland and Norway), resides in The Hague.

### **Chambers of Commerce**

American Chamber of Commerce in Finland

<http://www.amcham.fi/>

Central Chamber of Commerce

[www.keskuskauppakamari.fi](http://www.keskuskauppakamari.fi)

International Chamber of Commerce (ICC)

[www.iccfin.fi](http://www.iccfin.fi)

Helsinki Chamber of Commerce

[www.helsinki.chamber.fi](http://www.helsinki.chamber.fi)

Finnish-American Chamber of Commerce\*

<http://www.facc-ny.com/>

\*Not affiliated with the American Chamber of Commerce

World Trade Center Helsinki

[www.wtc.fi](http://www.wtc.fi)

### **Country Trade Associations**

Federation of Finnish Commerce

<http://kauppa.fi/eng/>

Finnish Foreign Trade Agents' Federation

[www.agenttiliitto.fi](http://www.agenttiliitto.fi)

Finnish Direct Marketing Association

<http://www.asml.fi/en/>

Confederation of Finnish Industries (EK)

<http://www.ek.fi/>

Technology Industries of Finland

<http://www.teknologiateollisuus.fi/>

Finnish Forest Industries' Federation

[www.forestindustries.fi](http://www.forestindustries.fi)

Finpro  
[www.finpro.fi](http://www.finpro.fi)

Invest in Finland Bureau  
[www.investinfinland.fi](http://www.investinfinland.fi)

### **Country Government Offices**

Ministry of Agriculture and Forestry  
[www.mmm.fi](http://www.mmm.fi)

Employment and Economic Development Center  
[www.te-keskus.fi](http://www.te-keskus.fi)

Finnish Food Safety Authority  
[www.evira.fi](http://www.evira.fi)

The National Board of Customs  
[www.tulli.fi](http://www.tulli.fi)

Statistics Finland  
[www.stat.fi](http://www.stat.fi)

Office of Data Protection Ombudsman  
Ministry of Justice  
[www.tietosuoja.fi](http://www.tietosuoja.fi)

Finnish Standardization Association (SFS)  
[www.sfs.fi](http://www.sfs.fi)

Finnish Electrotechnical Standard Association (SESKO)  
[www.sesko.fi](http://www.sesko.fi)

National Board of Patents and Registration of Finland  
[www.prh.fi/](http://www.prh.fi/)

National Consumer Administration  
[www.kuluttajavirasto.fi](http://www.kuluttajavirasto.fi)

### **Country Market Research Firms**

Research International Finland Oy  
<http://www.researchinsight.fi/>

A.C. Nielsen Finland Oy  
[www.acnielsen.fi](http://www.acnielsen.fi)

MTT Economic Research  
[www.mtt.fi/mttl/](http://www.mtt.fi/mttl/)

TNS Radar Research Consulting Oy  
[www.tns-radar.fi](http://www.tns-radar.fi)

## Country Commercial Banks

Nordea Bank Finland  
[www.nordea.com](http://www.nordea.com) or [www.nordea.fi](http://www.nordea.fi)

OP-Pohjola group  
[www.pohjola.fi](http://www.pohjola.fi)

Sampo Pankki Oyj (Sampo Bank Plc.)  
[www.sampopankki.com](http://www.sampopankki.com)

Citibank International Plc - Finland Branch  
[www.citibank.com](http://www.citibank.com)

## Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

## Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link:

<http://export.gov/finland/servicesforu.s.companies/index.asp>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

**We value your feedback on the format and contents of this report. Please send your comments and recommendations to:** [Market\\_Research\\_Feedback@trade.gov](mailto:Market_Research_Feedback@trade.gov)

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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