



Finland



Business Support on Your Doorstep

Enterprise Europe Network London Country Profile June 2008



Finland



Country's full name: Republic of Finland

Capital City: Helsinki

Population: 5,296,826

Official Language: Finnish, Swedish

Currency: Euro (EUR)

Religions: Evangelical Lutheran Church of Finland 82.5%, Finnish Orthodox Church 1.1%, non Christian communities 1.2%, unaffiliated 15.1%

Area: 338,145 km²

Terrain: mostly low, flat to rolling plains interspersed with lakes and low hills

Climate: Finland has an extreme swing between summer and winter, with bitterly cold winters when temperatures drop to -20°C in many areas. Summer, by contrast, can be warm with temperatures rising to 20°C or more. In the far north the sun does not set for about 73 days during summer, while in winter the sun remains below the horizon for a 51-day stretch

Administrative divisions: The state organisation is divided into six administrative provinces

Weights and Measures: Metric

Time Zone: GMT + two hours

International dialling code: +358

Government: Finland has a semi-presidential system, which means that the country has a president, as well as a prime-minister. The president shares executive powers with the government in foreign policy and defence and is elected by the people for a six-year term. Tarja Halonen, the country's first female president, began her first term in 2000 and was re-elected in January 2006.

There are 200 members of Parliament and elections, by proportional representation, take place every four years. The last elections were held on 18 March 2007. The Centre Party emerged as the largest party, followed closely by the National Coalition Party. The Parliament elects the Prime Minister, who is appointed

to office by the President. Other Ministers are appointed by the President on the Prime Minister's proposal. Currently Matti Vanhanen is Prime Minister, and his second Cabinet took office on 19 April 2007. The present Cabinet is a majority formed by the Centre Party, the National Coalition Party, the Green League and the Swedish People's Party of Finland. The Cabinet has a total of 20 ministers. Responsibility for forming the cabinet is granted to a person nominated by the President and approved of by the Parliament. This person also becomes Prime Minister after formal appointment by the President. The next elections for the parliament will be in March 2011.¹

ECONOMIC OVERVIEW^{2 3 4}

Finland has a highly industrialised, largely free-market economy, with a GDP roughly that of the United Kingdom, France, Germany, or Italy. Finland's key economic sector is manufacturing - principally forestry, metals, engineering, telecommunications, and electronics industries. Trade is important, with exports equalling more than one-third of the GDP. Apart from timber and several minerals, Finland depends on imports of raw materials and energy. The largest source of import is Russia; about 14% of Finnish imports come from Russia. Russia is also a good export market for Finland, however most products are exported to Germany. Finland exports mostly to Germany 12.5%, Sweden 9.3%, UK 9.1%, US 7.4%, France 5.2% and Italy 4.4%.⁵ Finland's largest foreign investors are Sweden, The Netherlands and the United Kingdom, with Sweden covering more than half of all investments.

The level of education in Finland is very high and higher education is free. Finnish people are very highly educated and have good work ethics. About 23% of the active working population is older than 65; in 2020 an estimated 37% will be. Currently, one of Finland's priorities is trying to increase the employment level for older employees as well as promoting entrepreneurship.

ECONOMIC INDICATORS	
Population (2008)	5,296,826
Unemployment rate (2007)	6.9%
GDP per head (in PPS per inhabitant) (2008 forecast)	118,4
GDP average growth rate (2008 forecast)	3.4%
Inflation rate (2007)	1.6%
Total exports (million euro) (2005)	52,395
Total imports (million euro) (2005)	46,769
Internet access (2007)	60%

Source: Eurostat, Statistics Finland

INFRASTRUCTURE / ENVIRONMENT

Roads

On 1 January 2008 there were 78,161 km of highways; 50,836 km of paved roads; 13,329 km of main roads; 700 km of motorways and 4,954 km of pedestrian and bicycle ways in Finland. The Finnish Road Administration is responsible for Finland's highway network.⁶

Railways

The national railway company in Finland is VR (Valtion Rautatiet, or State Railways). VR offers a wide variety of services, both in long-distance and in the Helsinki Metropolitan Area. VR operates nearly 320 long-distance services every day, six of which travel between Finland and Russia. Helsinki Metropolitan Area is serviced by approximately 850 commuter train services per day.⁷

Shipping

Finland has an extensive network of waterways, of which 7,800 km in the country itself. The country also has direct access to the Baltic Sea. About 90% of exports and 70% of imports is transported by sea. Finland's largest ports are located in Helsinki, Turku, Oulu and Loviisa.⁸

Civil Aviation

There are more than two dozen airports in Finland, many of which receive flights from Europe and beyond, with more than 20 cities linked by daily air services. Helsinki's Vantaa International Airport in the south of the country is the main air hub for Finland while Tampere-Pirkkala International Airport provides access to Finland's south-western region. Finland is a large country and most places in the north are fairly remote, making domestic air travel convenient. There are frequent domestic flights all over the country and many of Finland's smaller airports also receive services from European cities.⁹

Energy

Energy consumption in Finland is one of the highest in the world, almost two thirds more than the EU-average. This is mainly caused by the long winters and the energy needs of the paper industry. Crude oil is Finland's most important energy source.¹⁰ Finland does not produce crude oil, therefore the leading energy company in Finland, Fortum, (which is 71% state owned) has production shares in several large Norwegian fields. Finland is also reliant upon natural gas exports that arrive by pipeline from Russia under long-term contracts with Gazprom. Finland is not connected to the European natural gas grid.¹¹ Finland has, several times, been ranked first in the World Economic Forum's environmental comparison index. Finland's strengths are its water and air quality, its high level of science and technology and the efficiency of its environmental administration. Much emphasis is placed on the use of biological raw materials for energy.¹²

Telecommunications

For several years the number of fixed telephone subscriber lines has been declining in Finland. During 2006, the number of subscriber lines decreased further and at the end of the year they totalled slightly over 1.9 million. By the end of 2006, mobile phone subscriptions totalled nearly 5.7 million, equalling around 108 subscriptions per 100 people, which means there are more subscriptions than people in the country.¹³

Environment

Finland's main environmental issues are air and water pollution and the preservation of its wildlife. Finland's principal environmental agency is the Ministry of the Environment, established in 1983. Beginning in 1987, environmental protection boards were established for every community with more than 3,000 inhabitants. Care is taken to protect the flora and fauna of the forests, which are of recreational as well as economic importance. Closed hunting seasons, nature protection areas, and other game-management measures are applied to preserve threatened animal species. As of 2001, 5.5% of Finland's total land area was protected.¹⁴

MAJOR SECTORS OF THE ECONOMY

Forestry

The strength of Finland's forest industry lies in the country's vast forest resources. Among the countries of Europe (excluding Russia), Finland is the most forested. Almost three quarters of its total area is covered by trees. Measured by its share in the national economy, forest industries are the second largest branch of industry in Finland, only surpassed by the electro technical industry. The forest sector employs about 90,000 people in Finland and generates about 5.5% of Finland's gross domestic product. Finland's largest forestry companies are Stora Enso, UPM, and M-real Group. They also have large production units abroad.¹⁵¹⁶

Paper and paperboard

As a result of forestry, Finland is the sixth-largest producer of paper and cardboard in the world. In addition, Finnish exports' share of the world market is 15 per cent, which makes Finland the world's second-largest paper exporter. Finnish R&D in the paper industry has become the best in the world in the past decade. Whereas previously expertise in forestry production technology and research was sought abroad, today it is sought in Finland.¹⁷ Environmental protection is a big issue in Finland and the country is continuously trying to reduce the waste produced by the industry. The amount of pulp and paper industry waste sent to landfills has been reduced to a third over fifteen years, while the volume of production has increased by about 50%.¹⁸

Metal and Engineering

The 1940s saw the growth of the metal and engineering industry in Finland, when the country became a fully fledged industrial economy. In the 1980s, metal and engineering replaced the forest industry as Finland's most important export sector. Among the biggest metal and engineering manufacturers are Outokumpu, Metso, Rautaruukki, and KONE. These companies are major players in their sectors of manufacturing.¹⁹

Food and Drinks Industry

Finland's food and drink industry is the country's fourth largest industry. The main branches are meat processing, dairy, bread, brewing, and soft drinks. The use of domestic food is of great importance and 85% of raw material used is of domestic origin. Export of Finnish foods amounted to over 1 billion euros in 2006. The most important export destinations are Russia, Estonia, Sweden, USA and Germany. The most important export foods from Finland are cheese, butter and other milk fats, pork, chocolate, and alcoholic beverages.²⁰

ICT

Many companies operating worldwide have located their key resources and laboratories for technological development in Finland. In 2005 the share of this sector in the GDP was ten percent. Finland is ranked second in the 'World Economic Forum's Global Competitiveness Report 2005-2006' in the field of networking and IT-usage. Finland's ICT-infrastructure is one of the best of the world. The biggest ICT-company in Finland is Nokia; its share in the GDP is approximately four percent and amounts to 20 percent of the total Finnish export.²¹

BANKING AND FINANCE

Banking

The central bank of Finland (Bank of Finland) works under the supervision of the Financial Supervision Authority (FSA). The FSA also has the task to supervise institutions that are participating in financial markets, such as credit institutions and the stock exchange. The responsibility for their monetary policy has been transferred to the European Central Bank because of Finland's participation in the European Monetary Union.

The three largest Finnish banks are Nordea Group, OP Bank Group and Sampo Group. Together they take care of about 80% of all loans in Finland.²²

The Bank of Finland (Suomen Pankki) Snellmaninkatu, PO Box 160, 00101 Helsinki, Finland

T: +358 10 8311 F: +358 9 174872

W: www.bof.fi/en

Nordea Bank Finland Aleksanterinkatu 36 B, FI-00020 Nordea, Helsinki, Finland

T: +358 9 1651 F: +358 9 165 54500

W: www.nordea.com

OMX Nordic Exchange Helsinki (Helsinki Stock Exchange), Fabianinkatu 14, Nordea, P.O. Box 361, FI-00131, Helsinki, Finland

T: +358 9 616 671 F: +358 9 6166 7368 E: nordicexchange.fi@omxgroup.com

W: www.omxgroup.com

Insurance

The insurance sector in Finland is heavily concentrated, 80% of all non-life insurance clients have their accounts at 4 insurance companies: P&C Insurance, Pohjola Group, Tapiola Group and Fennia. Banks have been playing a more important role in the Finnish insurance sector the last couple of years; especially in the field of life insurance and pensions. In 2007 the Finnish Bankers' Association, the Federation of Finnish Insurance Companies, the Finnish Finance Houses Association and the Employers' Association of Finnish Financial Institutions all merged into the Federation of Finnish Financial Services.²³

Federation of Finnish Financial Services, Bulevardi 28, FI-00120 Helsinki, Finland

T: +358 20 7934 200 F: +358 207934202

W: www.fkl.fi

OPPORTUNITIES FOR UK EXPORTERS / INVESTORS

Overview

A central location in Northern Europe, long-established connections to Russia, Nordic and Baltic countries and experience in doing business with them are just some of the reasons why Finland is an ideal base for your business in this fast-growing market area with over 80 million consumers. According to a recent study (ETLA, 2004), the main reasons why foreign companies locate in Finland are effective access to Finnish and surrounding markets and world-class access to expertise and technology.

There are also niche markets, for instance within the ICT sector, where Finland can offer profitable opportunities. In fact, Finland's success in high-tech industries is based on its advanced R&D infrastructure, technology-friendly culture, highly educated workforce and extensive networking of resources and competencies.²⁴

ICT

As Finland has become integrated into the world economy, its industrial production has become more diversified. The current emphasis is on high-value, technology oriented exports. Finnish high-tech exports amounted to 17.2 % of total exports in 2005. The quality of Finnish R&D and the performance of technological cooperation have been evaluated to meet competitive international standards.²⁵ In 2006 revenues of the Finnish ICT industry amounted to 68.5 billion euros.

The technology industry has a 47% share in the entire Finnish industry turnover. Finland's power is in the innovative possibilities and knowledge and in order to stay competitive the country focuses on the development and fabrication of high-quality products and services. Finland can be seen as an authority when it comes to telecommunications, followed by the US, France and Ireland. Finland was the first to launch a digital network for mobile telephony. Finland's biggest ICT companies are: TeliaSonera Corporation, Elisa Group, Finnet Association, DNA Finland, Auria and Saunalahti Group Oyj.²⁶

Chemicals

The Finnish chemical industry used to be one of the weakest sectors of the Finnish industry in 2005; however a higher growth in production is anticipated. The biggest buyer of chemicals is the paper sales industry. The increase in the paper industry mostly relied on the chemical intensity of the production processes and demand for it is only slowly increasing in Europe and the US, however in Asia it is increasing rapidly. Use of chemicals in the paper industry is increasingly intensive. It is expected that the demand for paper chemicals will be higher than the demand for paper itself.²⁷

Environment

Renewable energy sources provide almost a third of all energy needs in Finland. The most important resources are wood products (20%), water power and wind power (3%). The energy use of renewable energy resources has increased by 10% compared to 2005, mostly because of the increase in the energy use by the industry. Interesting sectors to invest in are those concerning solar and wind power, where opportunities are expected. Finland was ranked one of the world's leading countries in environmental sustainability in the 2006 Environmental Performance Index (EPI), which provides benchmarks for current national pollution control and natural resource management results.^{28 29}

Design

Finnish design has never been of major economic importance, but its significance for the country's image, and to quite a considerable extent for employment, is great. Manufacture of ceramics, glass and cutlery is now concentrated in the Iittala company, which also owns the brand names Arabia and Hackman. Marimekko is the best known Finnish design company and fashion-wear producer. Design is also an important factor in many other Finnish products, for example for Nokia mobile phones.³⁰

Luxury cruise ships and ice breakers

Since the mid '40s the Finnish shipyards have been experiencing a significant growth and since then Finland has become famous as builder of ice-breakers (vessels needed every winter to clear shipping lanes through the ice). Finland has also been a leading producer of oil-drilling platforms. Naturally enough, a country with a lengthy coastline and 200,000 lakes is also known for its sailing boats and cruise ships.

BUSINESS CULTURE

Business hours

Offices are usually open 08.00-17.00 Monday to Friday with lunch between 12.00 and 13.00 which can last from one to two hours.

National holidays (Dates are given for 2008)

- May Day (1 May)
- Ascension (1 May)
- Whit Sunday (11 May)
- Midsummer (20-21 June)
- All Saints' Day (1 Nov)
- Independence Day (6 Dec)

- Christmas Day (25 Dec)
- St Stephen's Day (26 Dec)

Dress

The dress code for work is usually conservative; both women and men wear business suits. The dress code varies from workplace to workplace, the private sector usually being more relaxed.

Business etiquette

Finns tend to behave more quietly, more efficiently than many other nationalities. Finland embraces information technology and you can get a mobile phone signal everywhere. The internet, mobile phones, and satellite navigation are used by Finns on an everyday basis. Finns are very straightforward; if they do not know the answer to something, they will say so. English is the major business language, having long ago replaced German in that role. Russian and French are not widely spoken or understood. Business meetings are often set up by e-mail, even by text-messages. Meetings tend to be brief and to the point.³¹

SETTING UP A BUSINESS IN FINLAND

Setting up a business in Finland is quick and easy. Options include incorporation, sole proprietorship, a partnership (general and limited), or a joint venture.³² While the establishment of a partnership (general or limited partnership) does not require adherence to any specified form, a written agreement should always be made for the trade register.

For legal purposes, limited liability companies and cooperatives are only established when they have been entered in the trade register that is maintained by the National Board of Patents and Registration. Enterprises submit the basic declaration to the trade register using the start-up notification, with which they may also apply for registration in the trade register, employer register, prepayment register and/or VAT register.³³ Information on how to set up a business in Finland and investment opportunities can be found on Invest in Finland's website:

Invest in Finland, Kaivokatu 8, 6th floor, PO FI-00100 Helsinki, Finland
 T: +358 10 773 0300. F: +358 10 773 0301. E: info@investinfinland.fi
 W: investinfinland.fi

FURTHER SOURCES OF INFORMATION / USEFUL ADDRESSES

Enterprise Europe Network London at London Chamber of Commerce and Industry

33 Queen Street, London, EC4R 1AP

T: +44 (0)20 74891992. F: +44 (0)20 72031812 E: europa@londonchamber.co.uk

The Enterprise Europe Network London brings together GLE, London Chamber of Commerce and London Technology Network. We provide practical, hands-on support and information for London's small and medium businesses seeking funding, hoping to expand their business into Europe, or wishing to develop (technology) partnerships with other European businesses.

W: www.een-london.co.uk

London Chamber of Commerce and Industry

33 Queen Street, London EC4R 1AP

T: +44 (0)20 7248 4444. F: 020 7489 0391. E: lc@londonchamber.co.uk

London Chamber of Commerce's World Trade Team, Information Centre and Enterprise Europe Network can provide information or advice on many topics relating to international trade and overseas markets, including Finland. London Chamber of Commerce is a membership organisation but non-members can utilise certain of its services.

W: www.londonchamber.co.uk

UK Trade and Investment, New City Court, 20 St. Thomas Street, London, SE1 9RS

T: +44 (0)20 7234 3000. F: 020 7234 3001.

UK Trade and Investment is the British government body responsible for helping UK companies secure overseas sales and investments. Their website has pages for each country in the world, including Finland.

W: www.uktradeinvest.gov.uk

Finnish-British Chamber of Commerce, 177-179 Hammersmith Road, London W6 8BS

T: +44 (0)20 8741 6352/+44 (0) 784 6555 826 . F: +44 (0)20 8846 9265.

E: [assistant\(at\)fbcc.co.uk](mailto:assistant(at)fbcc.co.uk)

W: www.fbcc.co.uk

Embassy of Finland, 17738 Chesham Place, London SW1X 8HW

T: +44-20-7838 6200 .

E: sanomat.lon@formin.fi

W: www.finemb.org.uk

Invest in Finland (London office), 17738 c/o Shandwick London, Aldermay House, 15 Queen Street, London EC4N 1TX

T: +44-20 7329 0096 F: 020 7919 9884

E: enquiries@shandwick.com



This country profile was produced by the Enterprise Europe Network London team at London Chamber of Commerce. The Enterprise Europe Network London brings together GLE, London Chamber of Commerce and London Technology Network. The Enterprise Europe Network London is funded by the European Commission and the London Development Agency.

We provide practical, hands-on support and information for London's small and medium businesses seeking funding, hoping to expand their business into Europe, or wishing to develop (technology) partnerships with other European businesses. For more information please go to:
www.een-london.co.uk

Disclaimers

Whilst every effort has been made to ensure the accuracy of the information contained in this Guide, London Chamber of Commerce and Industry does not guarantee the accuracy of the information contained therein and does not accept responsibility for errors, omissions or their consequences.

Neither the European Commission nor the Executive Agency for Competitiveness and Innovation nor any person acting on behalf of them is responsible for the use which might be made of the information contained herein. The views in this publication are those of the author and do not necessarily reflect the policies of the European Commission.

-
- 1 www.fco.gov.uk
 - 2 UK Trade and Investment
 - 3 www.evd.nl
 - 4 www.fco.gov.uk
 - 5 www.foreigntradeexchange.com/countries/finland.html
 - 6 www.tiehallinto.fi
 - 7 www.vr.fi
 - 8 www.evd.nl
 - 9 www.parking.essentialtravel.co.uk/worldairport/finland/finland.htm
 - 10 www.evd.nl
 - 11 www.eia.doe.gov/emeu/cabs/finland.html
 - 12 www.tekes.fi
 - 13 Statistics Finland
 - 14 www.nationsencyclopedia.com/Europe/Finland-ENVIRONMENT.html
 - 15 www.eu2006.fi/finland/en_GB/economy/
 - 16 www.forest.fi
 - 17 www.finnfacts.com
 - 18 www.forestindustries.fi
 - 19 www.eu2006.fi/finland/en_GB/economy/
 - 20 www.finnfacts.com/english/economy/indicators/food.html
 - 21 www.evd.nl
 - 22 www.evd.nl
 - 23 www.evd.nl
 - 24 www.investinfinland.fi
 - 25 www.investinfinland.fi
 - 26 www.evd.nl
 - 27 www.evd.nl
 - 28 www.evd.nl
 - 29 www.investinfinland.fi
 - 30 www.virtual.finland.fi
 - 31 www.virtual.finland.fi/netcomm/news/showarticle.asp?intNWSAID=42626
 - 32 www.investinfinland.fi
 - 33 www.yrityssuomi.fi