



FINLAND  
INVESTMENT CLIMATE STATEMENT  
2015

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## **Executive Summary**

Finland is a Nordic country located in Northern Europe. Finland has a strong, stable and modern economy with a triple A credit rating. They are members of the European Union and part of the euro area. The government of Finland (GOF) is open to Foreign Direct Investment and offers a business-friendly environment. Finland offers highly skilled, educated and multilingual labor force, with strong expertise in ICT, mobile technologies and renewable energy production.

The GOF has taken steps to attract foreign investment by creating a network called Team Finland to promote foreign investment and foster the country's international image. This network brings together under one umbrella the services offered through a variety of state-funded agencies. This one-stop shop aims at more effective and uniform use of public resources in order to target the promotion of exports and inward investment. Both foreign and domestic companies can equally benefit from GOF investment incentives, research and development support and innovation systems. The U.S. Embassy in Helsinki, through the Foreign Commercial Services and Political/Economic Sections, is a strong partner with U.S. businesses that wish to connect to the Finnish market.

The Embassy has worked to create an affirmative and robust trade and investment agenda that works to attract investment in America and creates new markets for U.S. products and services in Finland and the broader region. Finnish counterparts are very active in the fields of information technology, energy, biotech, clean water, and other topics. With Tallinn only two hours by ferry, and Stockholm and the Arctic Circle only one hour by flight, Finland can be a good base camp for consolidating regional operations.

## **1. Openness To, and Restrictions Upon, Foreign Investment**

### **Attitude toward Foreign Direct Investment**

The Finnish government is open to foreign direct investment. There are no general regulatory limitations relating to acquisitions. A mixture of domestic and European Union competition rules govern the area of mergers and acquisitions. 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 stated purpose of the clearance is to protect essential national interests.

The Act on the Monitoring of Foreign Corporate Acquisitions in Finland entered into force in June 2012. The Act calls for the Ministry of Employment and the Economy to monitor and confirm foreign corporate acquisitions. A "corporate acquisition" is defined as a transaction in which a foreign owner gains control of at least ten 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. The Ministry decides whether an acquisition conflicts with vital national interests. Only corporate acquisitions in the defense and dual-use goods sector are subject, without exception, to advance confirmation by the Ministry. In defense matters, monitoring covers all foreign owners. In the civilian sector, monitoring is targeted at Finnish enterprises considered critical in terms of vital infrastructures necessary for maintaining functions fundamental to society, such as energy,

communications, or food supply. In civilian cases, monitoring only applies to foreign owners domiciled outside 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).

Finland does not preclude foreign investment, but some tax policies may make it unattractive to investors. Finnish tax authorities treat the movement of ownership of shares in a Finnish company into a foreign company as a taxable event. Finland complies with EU directives that require it to allow such transactions based in other EU member states without taxing them.

The Finnish government recently cut the corporate tax rate from 24.5 percent to 20 percent.

Finland does not grant foreign-owned firms any special treatment like tax holidays or other subsidies which are not currently available to other firms. Instead, Finland relies on condition-providing policies that offer both domestic and international firms appropriate conditions and sufficient pools of advanced factors of production, including an educated labor force and well-functioning infrastructure.

### **Other Investment Policy Reviews**

Finland has been a World Trade Organization (WTO) member since 1995. It is also a WTO member and an EU member state. As a member of the European Union, Finland is scheduled to undergo a Trade Policy Review in July 2015. Finland has not undergone an Investment Policy Review through the Organization for Economic Cooperation and Development (OECD).

UNCTAD's Investment Country Profile Finland report (2011) can be found here:  
[http://unctad.org/en/Docs/diaeiamic2011d8\\_en.pdf](http://unctad.org/en/Docs/diaeiamic2011d8_en.pdf).

The Research Institute of the Finnish Economy (ETLA), regularly publishes reports that review different sectors in the Finnish economy and factors that may impact investment:  
<http://www.etla.fi/en/category/publications/>.

### **Laws/Regulations of Foreign Direct Investment**

There are some legal requirements for non-European Economic Area (EEA) residents (persons or companies) to conduct business in Finland. A non-EEA resident operating in Finland must obtain a license or a notification when starting a business in "regulated" forms of trade.

A comprehensive list of regulated trades can be found at Enterprise Finland – Permits/ Foreign entrepreneur's permits, licenses and notifications: <https://www.yrityssuomi.fi/en/muiden-kuin-eu-kansalaisten-luvat-ja-ilmoitukset>.

The autonomously governed 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 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. The Aland Government can grant exemptions from the requirement of right of domicile for those wishing to acquire real property or conduct a business there.

### **Industrial Promotion**

In 2013, the Ministry of Economy and Labor published the report called the Industrial Competitiveness Approach: Means to Guarantee Economic Growth in Finland in the 2010s which highlights the need for increased foreign investment. The report can be found at: [https://www.tem.fi/files/37744/TEMjul\\_9\\_2013\\_web\\_17102013.pdf](https://www.tem.fi/files/37744/TEMjul_9_2013_web_17102013.pdf).

Invest in Finland is a government agency that promotes foreign direct investment (FDI) in Finland. It provides information and consulting services focused on services and promoting research, development, and innovation (R&D&I) in Environmental Technologies, Energy & Mining, Health Technologies, and Information & Communication. Invest in Finland's website can be found at: <http://www.investinfinland.fi/main.php>.

### **Limits on Foreign Control**

Companies benefit from preferential trade arrangements through Finland's membership in the EU and WTO, in addition to the protection offered by Finland's bilateral investment treaties with more than sixty-five countries.

The only law that governs foreign investments in Finland is the Act on the Monitoring of Foreigners' Corporate Acquisitions in Finland, which entered into force on June 1, 2012. The review pursuant to the Act is limited to investments in two classes of companies; companies in the defense sector and companies that are deemed critical for the vital functions of the society.

The Ministry must clear a foreigner's corporate acquisition, unless a key national interest is jeopardized as a consequence of the acquisition. Within the meaning of the Act, "key national interests" include securing national defense, as well as safeguarding public order and security. If the Ministry finds that a key national interest is jeopardized, it must refer the matter to the Council of State, which, in turn, may refuse to confirm the acquisition only where it is necessary in order to protect such an interest.

As regards corporate acquisitions in the defense sector, foreign owners must apply for the Ministry's prior confirmation. The defense sector includes all entities that supply or have supplied goods or services to the Finnish Ministry of Defense, the Finnish Defense Forces, or the Finnish Border Guard, as well as entities in the industry for dual-use goods. The substantive elements in evaluating the application are identical to those applied to other corporate acquisitions.

### **Privatization Program**

In March 2014, members of the government and the opposition agreed to sell EUR 1.9 billion worth of state-owned enterprises (SOEs). In May 2014, the GOF announced that it would sell its

infrastructure and construction firm charged with planning and constructing traffic routes and industrial environments, Destia Ltd (formerly the Finnish Road Administration).

The GOF aims to raise more than EUR 1 billion from state investment firm Solidium in 2015 as it cuts some of its holdings in listed companies in an effort to curb debt. The government earlier in 2014 agreed to raise about EUR 1.1 billion from share sales in 2014-2015 as it looks to reduce borrowing. Solidium manages state holdings in 12 listed firms worth about EUR 7.8 billion.

### **Screening of FDI**

The Ministry of Employment and the Economy is the authority responsible for handling official matters that concern monitoring and confirmation of corporate acquisitions.

Filing an application/notification concerning a corporate acquisition with the Ministry of the Economy and Labor registry is voluntary. Nevertheless the Ministry may at its own discretion request to be provided with all the necessary information connected to the foreigner's corporate acquisition. In those cases the foreign investor is obligated to comply with the request.

The law does not specify a time limit for the voluntary filing of a notification. Thus, a foreign owner may file the notification either before or after the actual transaction. Once the investor files if the Ministry does not request additional information, initiate further proceedings within six weeks, or notifies of the refusal to confirm the transaction within three months, the transaction is considered approved.

The Ministry cannot render an opinion on the acquisition before the application has been filed. It is, however, possible for the investor to contact the Ministry for guidance before the filing of a notification. Notification may only be filed in the official languages, which are either in Finnish or Swedish. Supporting documents may be provided in English. There is no official template for the notification.

The notification must include information on the monitored entity's pre- and post-transactional structures of ownership, and the acquiring entity's structure of ownership. If known, also the acquiring entity's intentions in relation to the monitored entity must be included. There are no fees applicable to the filing of a notification or an application.

### **Competition Law**

In 2011 Finland's Competition Act entered into force, this act brought Finland's competition regulations closer to those applied by the EU. The most important changes relate to merger control, procedural rules, leniency, and damages. The full act can be found at: <http://www.kkv.fi/en/facts-and-advice/competition-affairs/legislation-and-guidelines/>.

The Finnish Competition and Consumer Authority (FCCA) protects economic competition by intervening, where necessary, in restrictive practices, such as cartels and abuse of dominant position, violating the Competition Act and Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU). More information can be found here: <http://www.kkv.fi/en/facts-and-advice/competition-affairs/>.

*Table 1*

Measure	Year	Index or Rank	Website Address
<b>TI Corruption Perceptions index</b>	2014	3 of 175	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
<b>World Bank’s Doing Business Report “Ease of Doing Business”</b>	2014	9 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
<b>Global Innovation Index</b>	2014	4 of 143	<a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a>
<b>World Bank GNI per capita</b>	2013	USD 48,820	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 2. Conversion and Transfer Policies

### Foreign Exchange

Finland adopted the Euro as their official currency in January 1999.

#### *Remittance Policies*

There are no legal obstacles to direct foreign investment in Finnish securities or exchange controls regarding payments into and out of Finland. Funds from Finland or to Finland are freely transferable. Legal provisions prevent money laundering and the financing of terrorism and banks must identify their customers and report suspected cases. Banks and credit institutions must also report single payments or transfers of EUR 15,000 or more. If banks have reason to suspect the origin of the funds, they are required to 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.

In June 2007, Finland implemented the EU’s regulation on the transport of currency over EU borders. The regulation requires persons carrying more than EUR 10,000 to declare this upon entering or leaving EU territory.

A Financial Action Task Force (FATF) member, Finland observes most of FATF’s 49 standards. According to the FATF’s 9th follow-up report in 2013, Finland has made significant progress in addressing the deficiencies identified in the 2007 mutual evaluation report and will be removed from the follow-up process. FATF praised Finland for improvements in its anti-money laundering legal frameworks. See the FATF report at: [http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Finland\\_FUR\\_2013.pdf](http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Finland_FUR_2013.pdf).

### **3. Expropriation and Compensation**

Private property rights are 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.

### **4. Dispute Settlement**

#### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

Finland has a civil law system. European Community (EC) law is directly applicable in Finland and takes precedence over national legislation.

The Market Court was established in 2002 as a special court for rulings in commercial law, competition, and public procurement cases, and may issue injunctions and penalties against the illegal restriction of competition. It also supervises mergers and acquisitions and may overturn public procurement decisions, adjust the procurement process, and order compensatory payments. The Market Court has jurisdiction over disputes between the Consumer Ombudsman and businesses as to whether goods or services have been marketed in an unfair manner. Since 2013, the Market Court also hears industrial and civil IPR cases.

In May 2004, the Act on Competition Restrictions was harmonized with EU competition rules. A new Competition Act entered into force in Finland in November 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-bin/english.cgi?luku=legislation&sivu=competition-act>.

Finland has consistently applied its commercial and bankruptcy laws. Secured interests in property are recognized and enforced.

#### **Bankruptcy**

The Bankruptcy Act (120/2004) is a comprehensive general act, which includes provisions on the prerequisites for the initiation of bankruptcy; the different phases of the bankruptcy proceedings; the claims in bankruptcy; bankruptcy administration and the management and sales of the assets of the bankruptcy estate. The Bankruptcy Act can be found at: <http://www.finlex.fi/en/laki/kaannokset/2004/en20040120.pdf>.

In 2013 there were amendments to the Finnish bankruptcy legislation which affect both debtor and creditor rights. A new data management system was put in place for bankruptcy and restructuring proceedings (Kosti) was put into operation. The Finnish Bankruptcy Ombudsman manages the system. The new system allows creditors to easily retrieve documents and information related to bankruptcy and restructuring proceedings, offering one centralized location to find and share information, deadlines, and documents related to individual insolvency proceedings. The Act on the Recovery of Assets to a Bankruptcy Estate was amended simultaneously with the Bankruptcy Act.

The Reorganization of Enterprises Act (1993/47) establishes a legal framework for the reorganization of enterprises that are economically viable but currently suffering financial difficulties. The aim of the reorganization proceedings is to provide the administrator, debtor, and creditors with an opportunity to produce a reorganization plan aimed at rehabilitating the debtor's enterprise and a debt adjustment program necessary to this end (reorganization plan). Proceedings for reorganization may be used as an alternative to bankruptcy proceedings in cases where an enterprise's financial crisis may be averted or solved by a reorganization plan. The Act applies to persons and legal entities engaged in business activity. Credit institutions, insurance undertakings and certain other financial institutions are excluded.

The bankruptcy ombudsman (<http://www.konkurssiasiamies.fi/en/index.html>) is the supervisor of the administration of bankruptcy estates in Finland. Finnish law relating to the supervision of bankruptcy estates is codified in the Act on the Supervision of the Administration of Bankruptcy Estates, which came into effect in 1995:

[http://www.konkurssiasiamies.fi/material/attachments/konkurssiasiamies/konkurssiasiamiehentomistonliitteet/6JZrLGPN1/Act\\_on\\_the\\_Supervision\\_of\\_the\\_Administration\\_of\\_Bankruptcy\\_Estates.pdf](http://www.konkurssiasiamies.fi/material/attachments/konkurssiasiamies/konkurssiasiamiehentomistonliitteet/6JZrLGPN1/Act_on_the_Supervision_of_the_Administration_of_Bankruptcy_Estates.pdf).

According to the 2015 World Bank's, Doing Business Report, Finland ranks number one out of 189 for Ease of Resolving Insolvency." The report can be found at: <http://www.doingbusiness.org/data/exploreeconomies/finland#resolving-insolvency>.

## **Investment Disputes**

There is no reported investment dispute in Finland in recent years.

## **International Arbitration**

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. 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 signed the Mauritius Convention on Transparency/UN Convention on Transparency in Treaty-based Investor-State Arbitration on March 17, 2015. Under the new rules, all documents are public, hearings are open to the public, and interested parties may deliver statements to the court. At the same time, appropriate protection for confidential information will be strengthened (to safeguard business secrets, for example).

### *ICSID Convention and New York Convention*

In 1969, Finland became a member state to the International Centre for Settlement of Investment Disputes (ICSID Convention). Finland is a signatory to the convention of the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

The Institute of the Finland Chamber of Commerce (FAI), established in 1911, promotes the settlement of business disputes through the use of arbitration. The FAI has two sets of rules; the FAI Arbitration rules and FAI expedited arbitration rules, which were both revised in 2013. The new Rules seek to promote arbitration as an expeditious, cost-efficient and confidential method of resolving disputes. The Institute appoints arbitrators both to domestic and international arbitration proceedings. For more information see: <http://arbitration.fi/> Arbitration statistics can be found at: <http://arbitration.fi/fi/2015/03/13/fai-statistics-2014/>.

### **Duration of Dispute Resolution**

Any dispute in a civil or commercial matter of an international or domestic character which can be settled by agreement between the parties may be referred to arbitration. Arbitration is frequently used to settle commercial disputes in Finland, and is usually faster than court proceedings. An arbitral award is final and binding on the parties.

The Arbitration Institute's rules (the "FAI Rules") are the rules that are most commonly used. The FAI Rules can be found in English at: [www.arbitration.fi/en/indextemp.html](http://www.arbitration.fi/en/indextemp.html). If arbitration is conducted according to FAI Rules, the time limit for rendering the arbitral award is one year after the Arbitration Institute has sent the case file to the arbitral tribunal. The median duration of arbitration under the FAI Rules is about nine months.

In 2004, the Arbitration Institute introduced fast track rules. According to the Arbitration Institute's Rules for Expedited Arbitration, the arbitral award shall be rendered within three months after the Institute has sent the file in the case to the arbitrator. This time limit may be extended by the Arbitration Institute by, at most, three months. The Finnish Arbitration Act (967/1992) explicitly states that foreign nationals can act as arbitrators in Finland.

In 2014, a Guide to the Finnish Arbitration FAI Rules was published. The FAI Rules are widely applied in the resolution of commercial disputes in Finland. For more see <http://arbitration.fi/2015/01/15/guide-finnish-arbitration-rules-published/>

## **5. Performance Requirements and Investment Incentives**

### **WTO/TRIMS**

Finland as an individual country outside of the European Union has not notified the WTO of any measures that are inconsistent with Trade Related Investment Measures (TRIM) requirements, nor does Finland maintain any measures that are alleged to violate the WTO's TRIM obligations.

### **Investment Incentives**

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.

Examples of incentive/support: Employment and Economic Development Office: A start-up grant (max 18 months) aims to secure the livelihood of a person who becomes an entrepreneur

during the time that it is estimated to be necessary to start and establish full-time business activity. Business development subsidy: A subsidy for the renewal, growth, and internationalization of SME in particular. Launching support for rural areas: Launching support helps entrepreneurs and enterprises in the early stages of their businesses planning to start a new business in a rural area (with the precondition that the business supports the vitality of the countryside and creates new opportunities for making a living).

Finnvera Guarantees: A company can use Finnvera guarantees as securities for credit and other contingent liabilities from banks and financing or insurance companies. Finnvera guarantees can improve the availability of financing when the company's own guarantees are insufficient for securing funds.

For more information see Enterprise Finland: <http://www.yrityssuomi.fi/en/rahoitus1>

### *Research and Development*

Business aid to companies is coordinated by 15 Centers for Economic Development, Transport, and the Environment (ELY), which provide advisory, training, and expert services and by granting funding for investment and development projects. The services offered cover internationalization of business operations, improvement of business efficiency and management skills, development of technology and innovation, updating of staff skills and training of new employees. ELY Centers may also contribute to the funding of development projects. Funding support is discretionary and depends on the nature of the project. For more information see: <http://www.ely-keskus.fi/en/web/ely-en/business-and-industry>.

The state-owned financing company Finnvera offers services to businesses of all sizes and in most sectors, excluding building developers, forestry, field cultivation, and animal husbandry. Finnvera serves its clients through 15 regional offices. Finnvera is also Finland's official Export Credit Agency (ECA). For more information see: <http://www.finnvera.fi/eng/Starting-a-Business>.

The Finnish Funding Agency for Technology and Innovation (Tekes) can finance R&D projects undertaken by foreign-owned companies registered in Finland, and may give funding to a foreign company planning to establish a subsidiary in Finland and engaging in significant R&D and business activities in this country. For more information see: <http://www.tekes.fi/en/programmes-and-services/international-companies/>.

Support for innovative business ventures can also be obtained from the Foundation for Finnish Inventions. For more information see: <http://www.xn--keksintsti-x5aa5uf.fi/> (in Finnish).

Invest in Finland, a government agency promoting FDI into Finland, assists international companies to find business opportunities in Finland. Invest in Finland offers a full set of professional consulting services – hands-on investment services tailored according to specific needs. The services cover every stage of setting up a business in Finland, ranging from initial data collection and opportunity analysis to networking and the actual business launch.

Invest in Finland guide to doing business in Finland:

[http://www.investinfinland.fi/uploaded/files/Finland\\_Fact\\_Book\\_2014.pdf](http://www.investinfinland.fi/uploaded/files/Finland_Fact_Book_2014.pdf).

Finpro helps Finnish small and medium-sized enterprises (SMEs) in developing an international market for their products, encourages foreign direct investment in Finland, and promotes tourism. Finpro is a public organization and part of the Team Finland network. For more information see: <http://www.finpro.fi/web/finpro-eng>.

The Team Finland network promotes Finland and its interests abroad; Finland's external economic relations, the internationalization of Finnish enterprises, investments in Finland and the country brand. At the heart of the Team Finland network are three Ministries: the Ministry of Employment and the Economy, the Ministry for Foreign Affairs, and the Ministry of Education and Culture – together with publicly funded bodies and Finnish offices abroad (including Finland's diplomatic missions, the offices of Finpro and Tekes, and national culture and science institutes), all operating under the ministries' guidance. More info here:

<http://team.finland.fi/public/default.aspx?nodeid=46788&contentlan=2&culture=en-US>.

### **Performance Requirements**

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 in order to ensure that persons liable for the company's acts can be brought to court if necessary.

The Limited Liability Companies Act of Finland can be found at:

<http://www.finlex.fi/fi/laki/kaannokset/2006/en20060624.pdf> (amendments up to 2011 included)

Amendments to the Finnish Limited Liability Companies Act entered into force in August 2009 to allow the participation of shareholders in the general meetings of listed companies

Unless Finland's international obligations provide differently, other natural and legal persons are entitled to carry on a trade or business in Finland only if they are granted a permit by the National Board of Patents and Registration. The Start-up notification of a limited liability company must be filed with the Trade Register. A limited liability company must be reported for registration within three months from the signing of the memorandum of association. More information here: [http://www.prh.fi/en/kaupparekisteri/yrityksen\\_perustaminen/osakeyhtio.html](http://www.prh.fi/en/kaupparekisteri/yrityksen_perustaminen/osakeyhtio.html).

### **Data Storage**

There is no forced localization policy on foreign investments in Finland. Countries with adequate data protection include all countries within the European Economic Area (EEA), as well as countries which the European Commission, pursuant to the EU Data Protection Directive 95/46/EC, has determined to guarantee an adequate level of protection. Transfers to the United States are permitted pursuant to and in accordance with the US-EU Safe Harbor Framework.

In cloud computing services, stored material is located on servers owned by the service provider. In most cases, these servers are located outside Finland and are typically accessed through a browser over an Internet connection.

Personal data may be transferred across international borders to server locations supporting the service, but the company must fulfill the requirements of the Finnish Personal Data Act (PDA). According to section 22 of the PDA, personal data may be transferred to outside the European Union or the European Economic Area only if the country in question guarantees an adequate level of data protection.

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

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

## **7. Protection of Property Rights**

### **Real Property**

Secured interest in property, both movable and real, is recognized and enforced. The Finnish legal system protects property rights.

The concept of mortgage exists in Finland, and can be applied to both owned and rented real estate. The significance of mortgage banks has remained minor as deposit banks have traditionally handled housing loans in Finland.

The National Land Survey of Finland provides a reliable system for recording secured interests and registers all land in Finland. In Finland real property formation, mutation, land consolidation, cadastral mapping, registration of real properties, ownership and legal rights, real property valuation, and taxation are all combined within one basic cadastral system (real estate register). The register is owned and maintained by the National Land Survey. For more information see: <http://www.maanmittauslaitos.fi/en/aineistot-ja-palvelut>.

Finland is ranked 38th out of 170 countries in ease of Registering Property according to the World Bank's 2015 Doing Business Report.

### **Intellectual Property Rights**

The Finnish legal system protects intellectual property rights, and Finland adheres to numerous international agreements concerning intellectual property rights (IPR).

Finland is a member of the World Intellectual Property Organization (WIPO). In March 2009, the government of Finland published a national IPR strategy, found at: [http://www.tem.fi/files/26944/TEM\\_27\\_2010\\_netti.pdf](http://www.tem.fi/files/26944/TEM_27_2010_netti.pdf)

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.

Finland is not on USTR's 2014 Out-of-Cycle Special 301 Report.

The Finnish Copyright Act, which also grants protection to authors, performing artists, record producers, broadcasting organizations and catalog producers, sets the period of copyright protection at 70 years from the death of the author. 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. The WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) entered into force in Finland in March 2010. Finland acceded to the Agreement on Trade-Related Aspects of Intellectual Property Rights in 1995.

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. The Copyright Act was further amended in September 2013.

Information on 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), 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. More information found here: [http://www.minedu.fi/OPM/Tekijaenoikeus/oikeuksien\\_hallinnointi\\_ja\\_hankinta/?lang=en](http://www.minedu.fi/OPM/Tekijaenoikeus/oikeuksien_hallinnointi_ja_hankinta/?lang=en)  
The Business Software Alliance (BSA), a worldwide software anti-piracy organization, began operations in Finland in January 1994.

An exclusive right to a trademark is obtained either by registering the mark in the trademark register or by establishing it. A mark is considered established, if it has become generally known in the appropriate business or consumer circles in Finland as a symbol specific to its proprietor's goods. In Finland, the holder of the trademark register is the National Board of Patents and Registration. An applicant can also choose to apply for a community trademark that gives uniform protection throughout the European Union. Community trademarks are registered by the Office for Harmonization in the Internal Market (OHIM).

Amendments to the Trademarks Act which entered into force on January 2011 require that a trademark applicant or proprietor not domiciled in Finland have a representative resident in the European Economic Area. Finland signed the Singapore Treaty on the Law of Trademarks in October 2006.

Patent rights are consistent with international standards, and a granted patent applies for 20 years. The period of validity of patents concerning medicinal products and plant protection products can under certain conditions be prolonged by a maximum of five years through a Supplementary Protection Certificate. In 1996, Finland joined the European Patent Convention (EPC) and the European Patent Organization (EPO). Finland Joined WIPO's Patent Law Treaty (PLT) in March 2006.

The regulatory framework in Finland regarding process patents filed before 1995, and pending in 1996, denies adequate protection to many of the top-selling U.S. pharmaceutical products currently on the Finnish market. Given that the term for such patents is set to expire shortly, Finland, which was placed on the 301 Watch List in 2009, is removed from the list in 2015. U.S. industry continues to identify a series of concerning measures in several EU Member States, including Finland. Such measures raise concerns with respect to the transparency and the opportunity for meaningful stakeholder engagement in policies related to pricing and reimbursement, which reportedly create uncertainty and unpredictability that adversely impact market access and incentives for further innovation. The 2015 Special 301 report can be found at <https://ustr.gov/sites/default/files/2015-Special-301-Report-FINAL.pdf>

In the Finnish legal system, the protection of trade secrets forms part of the general concept of protection against unfair competition. In 1979, Finland implemented the Unfair Business Practices Act, which prohibits competitors from, unjustifiably obtaining or seeking to obtain information regarding a business secret or using or revealing information obtained in such a manner. An English version of the Act is available at: <http://www.finlex.fi/fi/laki/kaannokset/1978/en19781061.pdf>

The Penal Code (39/1889) contains provisions regarding industrial espionage (chapter 30, section 4), violation of business secrets (chapter 30, section 5) and misuse of business secrets (chapter 30, section 6). Trade secret protection is also regulated by the Employment Contracts Act (55/2001), according to which the employee may neither utilize nor divulge to third parties the employer's trade or business secrets during the term of employment.

According to the 2010 International Association for the Protection of Intellectual Property group report, Finnish legal protection of trade secrets is fundamentally sound, although the introduction of common and consistent terminology for relevant legislation would be desirable. The report can be found at: <https://www.aippi.org/download/committees/215/GR215finland.pdf>

In 1991, Finland adopted the Act on the Exclusive Right in the Layout-Design (Topography) of an Integrated Circuit. The Act gives exclusive rights in a layout-design to the creator (or to anyone to whom the right of the creator has been transferred) who is a Finnish citizen, a person with a permanent residence in Finland, or place of business in Finland. In cases of industrial infringement of IPR the integrated circuit used by the defendant may be confiscated. An English translation of the Act is available at: [www.finlex.fi/fi/laki/kaannokset/1991/en19910032.pdf](http://www.finlex.fi/fi/laki/kaannokset/1991/en19910032.pdf).

The law amending the Act on the Exclusive Right in the Topography of an Integrated Circuit entered into force in December 1999, and new Sections 24 a and 24 b were added to the Act

(Publicity/ Protecting a trade secret/ Delimitation of a trade secret). More information here: [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=127112](http://www.wipo.int/wipolex/en/text.jsp?file_id=127112)

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>

### *Resources for Rights Holders*

Contact at Mission: IP issues are handled by the Political/Economic Section in Helsinki.

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The American Chamber of Commerce in Finland's (AmCham) legal committee offers free legal advice to all AmCham member companies: <http://amchamfinland.com/legal-committee/>

For a list of local lawyers, please visit [http://finland.usembassy.gov/legal\\_services.html](http://finland.usembassy.gov/legal_services.html).

## **8. Transparency of the Regulatory System**

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. 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.

A New Securities Market Act took effect in January 2013. The new Act broke the former Securities Market Act 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. The Securities market law: <http://www.finlex.fi/fi/laki/kaannokset/2012/en20120746.pdf>.

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

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. A 1999 revision of the

law, the Act on the Openness of Government Activities, 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 the Ministry of Justice's page on Openness of Government Activities at:

<http://oikeusministerio.fi/en/index/basicprovisions/legislation/actontheopennessofgovernmentactivities.html>.

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

Finland is open to foreign portfolio investment, and there is an effective regulatory system established. According to the Bank of Finland, in January 2015 Finland had EUR 9.4 billion worth of official reserve assets, mainly in foreign currency reserves and securities.

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 2003 been part of OMX, referred to as NASDAQ OMX Helsinki (OMXH). NASDAQ OMX Helsinki is part of the NASDAQ OMX Nordic division, together with the stock exchanges in Stockholm, Copenhagen, Reykjavik, Tallinn, Riga, and Vilnius.

Finland accepts the obligations under IMF Article VIII, Sections 2(a), 3, and 4 of the Fund's Articles of Agreement. It maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions, except for those measures imposed for security reasons in accordance with Regulations of the Council of the European Union, as notified to the Executive Board in accordance with Decision No. 144-(52/51).

### **Money and Banking System, Hostile Takeovers**

Banking is open to foreign competition. The number of banks available in Finland is high, the reason for this is the OP-Pohjola Group, a cooperative of independent, local deposit banks that are engaged in retail banking. In April 2014 there were 187 OP-Pohjola Group banks, 8 commercial banks, 34 local cooperative banks, 29 savings banks, and 15 branches of foreign deposit taking banks. The total assets of the domestic banking groups and branches of foreign banks operating in Finland amounted to EUR 445 billion in 2013. For more info see the Federation of Finnish Banking report at: [https://www.fkl.fi/en/material/publications/Publications/Finnish\\_banking\\_in\\_2013.pdf](https://www.fkl.fi/en/material/publications/Publications/Finnish_banking_in_2013.pdf).

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.

As of March 2015, Finland maintained a triple-A rating from Moody's and Fitch credit rating agencies. However, Fitch revised its long-term economic outlook for Finland from stable to negative in March 2015. Standard & Poor's kept its AA+ rating unchanged in March 2015, having cut Finland's top rating by one level to AA+ in October 2014, citing the prospect of protracted stagnation.

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 Takeover Board issues recommendations that provide direction for mergers and acquisitions. One can contact the panel board 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://cgfinland.fi/en/the-takeover-board/>

The Takeover Code replaces the corresponding recommendation issued by the Panel on Takeovers and Mergers of the Central Chamber of Commerce of Finland in January 2014. The Takeover Code is meant to supplement the legislation applicable to public takeover bids, and therefore the Code shall be applied and interpreted in accordance with the objectives and provisions of the Securities Markets Act. The most essential provisions of the law applicable in public takeover bids, and the rules and regulations pursuant to them, can be found here: <http://cgfinland.fi/files/2013/12/helsinki-takeover-codeweb.pdf>.

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.

## **10. Competition from State-Owned Enterprises**

State Owned Enterprises (SOEs) in Finland are active in a number of industries, such as Chemicals, Petrochemicals, Plastics & Composites; Energy & Mining; Environmental Technologies; Food Processing & Packaging; Industrial Equipment & Supplies; Marine Technology; Media & Entertainment; Metal Manufacturing & Products; Services; and Travel. The Ownership Steering Act (1368/2007) regulates the administration of state-owned companies. The act can be found at: <http://www.finlex.fi/en/laki/kaannokset/2007/en20071368.pdf>.

In general, SOEs are open to competition except where they have a monopoly position, namely in alcohol (Alko), retail, and gambling (Fintoto Oy, RAY (Finland's Slot Machine Association), and Veikkaus Oy).

Finland opened the domestic rail freight to competition in early 2007 in accordance with EU requirements. However, freight transportation by rail between Finland and Russia still remains an exclusive right of state-owned company VR-Group Ltd. Under the EU's fourth railway package launched in 2013, Finland planned to open up domestic passenger services to competition in 2019. However, the Finnish Traffic Ministry and VR-Group Ltd. decided to extend the VR Group's exclusive rights to domestic railway passenger services in Finland until 2024.

The GOF, directly or through Solidium, a significant owner in a total of 12 companies listed on the Helsinki stock exchange (Elisa, Kemira, Metso, Outokumpu, Outotec, Sampo, SSAB, Stora

Enso, Talvivaara Mining Company, TeliaSonera, Tieto and Valmet). The market value of Solidium's investments is approximately EUR 8.2 billion as of January 2015. Solidium manages the State's non-strategic minority interests in listed companies. In addition, Solidium may invest in companies preparing for stock exchange listing. More info can be found here: <http://www.solidium.fi/en/investments/>.

As of March 2015, The GOF has majority ownership of shares in three listed companies (Finnair, Fortum, and Neste Oil). Finland also owns shares in 37 commercial companies. A list of state-owned companies can be found here: <http://vnk.fi/en/state-shareholdings-and-parliamentary-authorisations>.

### **OECD Guidelines on Corporate Governance of SOEs**

The Ministerial-level Ownership Steering Department handles duties relating to state ownership. The department is responsible for state ownership policy, expansion of the ownership base, branch re-organizations, share investments, and coordination of ministries' ownership procedures. All government resolutions, statements of the Cabinet Committee on Economic Policy, and recommendations and statements by Ministries are public and available to all market actors. SOEs in Finland adhere to the OECD Guidelines on Corporate Governance for SOEs.

The government, in November 2000, published "Handling of Corporate Governance Issues in State-owned Companies and Associated Companies." These guidelines stress the independence of the state-owned companies' boards and their goal to increase shareholder value. The Finnish government publishes the salaries and remunerations of the management and boards of state-owned and associated companies.

In November 2011, the Government adopted a resolution outlining the objectives and principles for its state ownership policy. The adopted resolution places greater emphasis on responsibility, openness, and long-term goal setting. The resolution calls for responsibility and openness in regards to reporting, remuneration, and the overall transparency of business activities. Policy documents and working group reports: <http://vnk.fi/en/policy-documents-and-working-group-reports>. Government resolution on state ownership policy (2011): [http://vnk.fi/documents/10616/1221497/Periaatepaeatoes03112011\\_eng.pdf/daf2cf64-ffea-4102-9c75-0803c227afeb](http://vnk.fi/documents/10616/1221497/Periaatepaeatoes03112011_eng.pdf/daf2cf64-ffea-4102-9c75-0803c227afeb).

### **Sovereign Wealth Funds**

Finland does not have a sovereign wealth fund.

## **11. Corporate Social Responsibility**

In Finland, the Securities Market Association established by the Central Chamber of Commerce, the Confederation of Finnish Industries (EK), and NASDAQ OMX Helsinki has developed and updated the Finnish Corporate Governance Code for companies listed on the Helsinki Stock Exchange: [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 Corporate Responsibility Network (FiBS), established in 2000, is the leading corporate responsibility network in Finland, with around 260 members. The Human Rights Centre (HRC),

administratively connected to the Office of the Parliamentary Ombudsman, encourages foreign and local enterprises to follow the most important international norms in the field.

Labor and environmental laws and regulations are not waived in order to attract or retain investments.

The Government of Finland published a guide on socially responsible public procurement in November 2013: [http://www.tem.fi/files/38102/TEM\\_Opas\\_Sos.hank\\_EN\\_netti.pdf](http://www.tem.fi/files/38102/TEM_Opas_Sos.hank_EN_netti.pdf).

The Government is committed to promoting CSR through its CSR action plan: [https://www.tem.fi/files/35134/Government\\_Resolution\\_on\\_CSR\\_FINLAND.pdf](https://www.tem.fi/files/35134/Government_Resolution_on_CSR_FINLAND.pdf).

Ministry of Employment and the Economy CSR Guides: Corporate responsibility in the SME sector: [https://www.tem.fi/files/27716/VASTUULLINEN\\_YRITTAJYYS\\_PK-YRITYKSISSA\\_engl\\_130810.pdf](https://www.tem.fi/files/27716/VASTUULLINEN_YRITTAJYYS_PK-YRITYKSISSA_engl_130810.pdf) and First steps towards corporate responsibility reporting: [https://www.tem.fi/files/27717/Yritysvastuunraportointi\\_engo\\_180810.pdf](https://www.tem.fi/files/27717/Yritysvastuunraportointi_engo_180810.pdf).

### **OECD Guidelines for Multinational Enterprises**

Finland is committed to the implementation of; 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.

The Committee on Corporate Social Responsibility, operating in connection with the Ministry of Employment and the Economy, monitors the application of the OECD Guidelines for Multinational Enterprises in Finnish multinational corporations. 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).

### **12. Political Violence**

There are no instances of political violence.

### **13. Corruption**

Corruption is not perceived as a serious threat and Finland has no dedicated national anti-corruption strategy. The Internal Security Program of 2012 discusses the risks of corruption in public procurement and for Finnish enterprises or their representatives when conducting business abroad.

Corruption in Finland is covered by the Criminal Code and provides for sanctions ranging from fines to imprisonment of up to four years. 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. The Ministry of Justice is responsible for the coordination of anti-corruption matters although Finland's anti-corruption contact point for EU purposes is in the Ministry of the Interior. The Ministry of Justice in 2002 set up a special anti-corruption network which meets to discuss and exchange information. The National Bureau of Investigation has an officer whose full-time duty is to follow matters related to corruption in Finland. The tax administration has published guidelines for tax officials stating their obligation to report suspected criminal offences, including foreign bribery. The Ministry of Finance has also published guidelines for government officials on hospitality, benefits, and gifts.

Ministry of Justice's "Corruption and the Prevention of Corruption in Finland" is found at: <http://www.oikeusministerio.fi/material/attachments/om/tiedotteet/en/2009/6AH99u1tG/Corruption.pdf>.

Over the past decade, Finland has placed first or second on Transparency International's Corruption Perceptions Index (CPI). In 2014, Transparency International ranked Finland as the third least corrupt country in the world. Transparency International 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.

The Act on a Candidate's Election Funding (273/2009) delineates election funding and disclosure rules in parliamentary, presidential, municipal, and European Parliamentary elections. The Act requires 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 EUR 1,500: <http://www.finlex.fi/en/laki/kaannokset/2009/en20090273.pdf>.

The National Audit Office of Finland keeps a register containing the information in the election funding disclosures, available at: <http://www.vaalirahoitusvalvonta.fi>.

Candidate's Election Funding Act: <http://www.finlex.fi/en/laki/kaannokset/2009/en20090273.pdf>.

Act on Political Parties. <http://www.finlex.fi/fi/laki/kaannokset/1969/en19690010.pdf>.

Lobbying is not regulated in Finland. There is no requirement for lobbyists to register or for reporting contacts between public officials and lobbyists. After receiving recommendations from GRECO, Finnish Parliament has set up a working group in order to prepare ethical guidelines on conflict of interest, including as related to lobbying for parliamentarians.

The Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime entered into force in July 1994. Finland ratified the Council of Europe Civil Law Convention on Corruption in October 2001. Finland ratified the Criminal Law Convention on Corruption in October 2002.

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.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

The UN Convention against Transnational Organized Crime was ratified in February 2003. Finland ratified the UN Anticorruption Convention in June 2006. In 2008 and 2011, Finland renewed reservations in respect to Article 12 (trading in influence) and Article 17 (jurisdiction).

Finland is a signatory to the OECD Convention on Anti-Bribery. A Transparency International progress report on enforcement of the OECD Convention, released in October 2013, rated Finland's enforcement as moderate:

[http://issuu.com/transparencyinternational/docs/2013\\_exportingcorruption\\_oecdprogre](http://issuu.com/transparencyinternational/docs/2013_exportingcorruption_oecdprogre).

For more see: Finland - OECD Anti-Bribery Convention: <http://www.oecd.org/daf/anti-bribery/finland-oecdanti-briberyconvention.htm> and OECD: Finland: follow-up to the phase 3 report & recommendations <http://www.oecd.org/daf/anti-bribery/FinlandPhase3WrittenFollowUpReportEN.pdf>.

*Resources to Report Corruption*

The National Bureau of Investigation is the law enforcement body responsible for the investigation of complex organized and international crimes, including economic crime and corruption. Since 2007, the National Bureau of Investigation has operated an anti-corruption unit whose main function it is to detect economic offences. The resources devoted to this anti-corruption unit are limited. The corruption-detection unit consists of one officer. The Ministry of Justice has set up a specialist network which meets a few times a year to discuss and exchange information.

Contact at government agency

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## 14. Bilateral Investment Agreements

Finland does not have a bilateral investment treaty or agreement with the United States.

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

As a member state to the European Union, Finland is also a signatory to any treaty, FTA or agreement signed by the European Union.

### Bilateral Taxation Treaties

In September 1989, Finland and the United States 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.

In 2006, the United States and Finland signed a protocol amending the 1990 Double Taxation Treaty, which significantly reduced tax-related barriers to trade and investment flows between the countries. The protocol eliminates the source-country withholding tax on many intercompany dividends and on dividends paid to pension funds and eliminates source-country withholding royalties payment regardless of the type of intellectual property. For more see:

[http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/js4298\\_attachment\\_finnishprotocol06.pdf](http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/js4298_attachment_finnishprotocol06.pdf).

On March 5, 2014, Finland signed a Foreign Account Tax Compliance Act (FATCA), and the related legislative changes required for implementation were approved by Parliament on February 20, 2015. Financial institutions began collecting FATCA information during 2014 and the first reports will be made in 2015. The tax administration is preparing detailed guidelines on how the agreement will be applied in Finland. For full text of the agreement, see:

<http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/FATCA-Agreement-Finland-3-5-2014.pdf>.

The salary and fringe benefits paid to qualifying foreign key employees living in Finland for more than six months, such as employees with special knowledge or competence, are taxed at a 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). It is not granted to a person who has been a resident in Finland at any time during the five years preceding the beginning of the key person's work assignment.

For detailed tax guidance, see the Finnish Tax Administration's website: [http://www.vero.fi/en-US/Companies\\_and\\_organisations/Foreign\\_business\\_in\\_Finland](http://www.vero.fi/en-US/Companies_and_organisations/Foreign_business_in_Finland) and the Finnish Foundation for

Share Promotion's Tax Guide for Investors (2013): <http://www.porssisaatio.fi/en/blog/books/tax-guide-for-investors-2013/>.

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

In January 1996, Overseas Private Investment Corporation (OPIC) and Finnvera (the former Finnish Guarantee Board) signed an agreement to encourage joint U.S.-Finnish private investments in Russia and the Baltic States. For more information see: <http://www.finnvera.fi/eng/Exports-and-internationalisation/Export-guarantees/Export-Credit-Guarantees/International-co-operation/Co-operation-agreements>.

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

## **16. Labor**

The Finnish labor force is highly skilled and well-educated. Of the 2.45 million persons employed in 2014, four percent were employed in the primary sector, 21 percent in industry and construction and 75 percent in services. Employment fell slightly in the private sector and rose in the public sector.

Finland has a long tradition of trade unions and has a unionization rate near 75 percent. Wage formation and labor market institutions are based on legislation and agreements. 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.

During the first six months of 2014 there were a total of 72 strikes in Finland, compared to 108 in 2013.

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.

In April 2014, the European Parliament passed the enforcement directive on posted workers, employees who are posted by an employer in one country to work temporarily in another EU member state for the purpose of providing cross-border services. Finland has many posted workers in the construction sector, and the directive allows for national enforcement measures such as the tax number system, which is important for efficient tax collection. The terms of employment of posted workers have already been defined in a previous directive, but the new directive adds to the effectiveness of implementation.

The unemployment rate in February 2015 was 10.1 percent, compared to 9.1 percent a year earlier. Youth unemployment (15-24 years old) in February 2015 was 25.5 percent, 2.6 percentage points higher than 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. People without jobs after a maximum of 500 days need to demonstrate that they are actively pursuing employment in order to continue receiving the benefit. For more information, see The Social Insurance Institution of Finland: <http://www.kela.fi/web/en/unemployment>.

Finland allows the free movement of EU citizen workers.

The government of Finland issued a resolution on a program to step up its activities to tackle non-observed economic activity and economic crime in 2012. Implemented in 2012–2015, the program comprises 22 projects steered by a number of ministries and authorities. Finland's grey economy is estimated at 13.0 percent of GDP (2013), down from 17.6 percent in 2003.

### **17. Foreign Trade Zones/Free Ports**

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 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.

## 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
<b>Host Country Gross Domestic Product (GDP) (\$M USD)</b>	2013	268,276	2013	267,328	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
<b>Foreign Direct Investment</b>	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2013	1,747	2013	1,966	
<b>Host country's FDI in the United States (\$M USD, stock positions)</b>	2013	12,812	2013	7,597	<a href="http://bea.gov/international/factsheet/factsheet.cfm?Area=306">http://bea.gov/international/factsheet/factsheet.cfm?Area=306</a>
<b>Total inbound stock of FDI as % host GDP</b>	2013	0,65%	2013	0,73%	

\*GDP figure from Statistics Finland; FDI figures from Bank of Finland

\*[http://www.tilastokeskus.fi/tup/suoluk/suoluk\\_kansantalous\\_en.html](http://www.tilastokeskus.fi/tup/suoluk/suoluk_kansantalous_en.html)

\*[http://www.suomenpankki.fi/en/tilastot/maksutase/pages/tilastot\\_maksutase\\_ja\\_suorat\\_sijoituks\\_et\\_maksutase\\_suorat\\_sijoitukset\\_suomeen\\_kanta\\_maittain\\_en.aspx](http://www.suomenpankki.fi/en/tilastot/maksutase/pages/tilastot_maksutase_ja_suorat_sijoituks_et_maksutase_suorat_sijoitukset_suomeen_kanta_maittain_en.aspx)

\*[http://www.suomenpankki.fi/en/tilastot/maksutase/Pages/tilastot\\_maksutase\\_ja\\_suorat\\_sijoituks\\_et\\_maksutase\\_suorat\\_sijoitukset\\_suomesta\\_kanta\\_maittain\\_en.aspx](http://www.suomenpankki.fi/en/tilastot/maksutase/Pages/tilastot_maksutase_ja_suorat_sijoituks_et_maksutase_suorat_sijoitukset_suomesta_kanta_maittain_en.aspx)

*Table 3: Sources and Destination of FDI*

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

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**Direct Investment from/in Counterpart Economy Data**


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**From Top Five Sources/To Top Five Destinations (US Dollars, Millions)**


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Inward Direct Investment			Outward Direct Investment		
Total Inward	86,856	100%	Total Outward	152,572	100%
Sweden	45,544	52%	Sweden	49,502	32%
Netherlands	13,736	16%	Netherlands	23,860	16%
Denmark	6,251	7%	Belgium	12,647	8%
Luxembourg	4,684	5%	United States	11,942	8%
Germany	3,506	4%	Germany	5,623	4%

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

*Table 4: Sources of Portfolio Investment*


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**Portfolio Investment Assets**


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**Top Five Partners (Millions, US Dollars)**


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Total			Equity Securities			Total Debt Securities		
All Countries	327,105	100%	All Countries	154,906	100%	All Countries	172,199	100%
Sweden	40,995	13%	United States	23,776	15%	Germany	28,072	16%
United States	32,157	10%	Ireland	18,361	12%	Denmark	25,500	15%
Germany	31,759	10%	Sweden	16,042	10%	Sweden	24,954	14%
Denmark	28,736	9%	Cayman Islands	11,581	7%	France	16,176	9%
Ireland	21,269	7%	France	4,203	3%	Netherlands	15,720	9%

Source: IMF Coordinated Portfolio Investment Survey, June 2013

**19. Contact for More Information**

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