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<u>Inward FDI in Finland and its policy context</u>

by
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From independence to the collapse of the Soviet Union, inward foreign direct investment (IFDI) in Finland was either marginal (1917-1939) or insignificant (1945-early 1990s). Throughout this period, the success of Finland's core production clusters in forestry, metal engineering, chemicals, and plastics was based on exports, not IFDI (or outward FDI). However, with the end of the Cold War and the globalization of Finnish industries (especially the mobile communications cluster) in a period of strong export-led economic growth, IFDI in Finland took off rapidly from the mid-1990s. This period of growth came to an end with the global crisis of 2008-2009. In 2009, the Finnish economy shrank roughly by 8%, the sharpest plunge since the country's civil war in 1918. The recovery since 2010 has been relatively strong in comparison to that in most European Union (EU) economies, but Finland remains vulnerable to the Eurozone crisis. Today, IFDI is seen as an untapped resource, and the Finnish Government hopes to develop an IFDI promotion strategy in cooperation with the private sector and integrated with the national innovation system.

Trends and developments

Since the late 1990s, Finland has been one of the most competitive economies in the world. With just 5.3 million people and a GDP per capita (PPP) of US$ 34,585, it ranked 22nd worldwide by per capita income in 2010, right after Germany and the United Kingdom, and before France and Japan.[1] It remains among the top EU performers in terms of growth and competitiveness. In the past half decade, however, shifts in global competitiveness rankings suggest that the country's

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[1] IMF, World Economic Outlook Database, available at: http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx.

competitive position may be eroding.[2] Recent gains in 2011 may have less to do with competitiveness per se, but more so with Finnish macroeconomic fundamentals, which currently offer a better macroeconomic position relative to other European economies in the Eurozone debt crisis.

As one of the most prosperous, secure and livable countries in the world, Finland might be expected to have long enjoyed the benefits of foreign capital, talent and ideas, including through IFDI. But the realities are more complex.

Country-level developments

From the 12th century until 1809, Finland was part of Sweden; then it became an autonomous Grand Duchy in the Russian empire, until its independence in 1917. As a result of that history, Finns grew wary of any kind of direct foreign participation in their country, including FDI, and implemented measures to restrict it. Most of this legislation occurred in Finland's autonomy period (1809-1917), but many laws remained valid until the mid-1980s.

Before World War I, Russia, fellow-Nordic countries[3] and Germany accounted for most IFDI in Finland.[4] After Finland's independence and the civil war that followed, foreign capital fled from the country; with the turmoil accompanying those events, the large foreign sawmill companies located in Finland sold their properties to Finns. Economic nationalism reigned, and the state played a vital role in the economy. In this period, IFDI originated mainly from Nordic neighbors (Sweden, Norway) and Finland's most active foreign trade partners (Germany, United Kingdom). Finland has been a market economy since its independence. In political geography, its position has been more precarious, which is intimately reflected by the evolution of Finnish IFDI. In the Cold War period, with Europe divided between the United States and Soviet Union, Finland engaged in a cautious balancing act between the West and the East. With Finland's special relationship with the Soviet Union and the related Finnish policies restricting foreign participation in the economy, that meant four decades of some OFDI, but little IFDI.

In the 1960s, Finland's IFDI stock was still less than 0.2% of GNP. While attitudes toward IFDI grew more favorable, restrictive foreign-ownership laws remained intact (see "The policy

[2] Finland fell from 6th rank in 2009-2010 to 7th rank in the 2010-2011 ranking by the Global Competitiveness Reports of the World Economic Forum, and from 9th in 2009 to 19th in 2010 in the World Competitiveness Yearbook ranking by the International Institute for Management Development. In 2011, both rankings improved: Finland was 4th in the ranking for 2011-2012 by the Global Competitiveness Report and 15th in the ranking for 2011 by the World Competitiveness Report. (See World Economic Forum, *Global Competitiveness Yearbook 2010-2011,* available at: http://www.weforum.org/reports/global-competitiveness-report 2010-2011, and *Global Competitiveness Report 2011-2012*, available at: http://www.weforum.org/reports/global-competitiveness-report-2011-2012; and International Institute for Management Development, *World Competitiveness Yearbook 2010* and *World Competitiveness Yearbook 2011,* available at: http://www.imd.org/research/publications/wcy/index.cfm).

[3] The term "Nordic" refers to Denmark, Finland, Iceland, Norway, and Sweden. "Scandinavian" typically refers to the Nordic countries minus Finland (which has a different linguistic legacy).

[4] Riitta Hjerppe and Juha-Antti Lamberg, "Changing structure and organisation of foreign trade in Finland after Russian rule", in Alice Teichova, Herbert Matis and Jaroslav Pátek, eds., *Economic Change and the National Question in Twentieth Century Europe* (Cambridge**:** Cambridge University Press, 2000), pp. 382-404.

scene", below); foreign companies did play a role, however, in newer high-tech industries.[5] Until the 1980s, Swedish multinational enterprises (MNEs) were the most important single foreign-investor group in Finland, comprising more than half of foreign affiliates in the country.[6] Other foreign affiliates came from the larger Nordic countries, major European economies (such as Germany) and the United States. IFDI in Finland grew very slowly through the Cold War period, but took off dramatically in the aftermath of that period's end. As a percentage of IFDI stock to GDP, it rose from 1% to 4% in 1980-1990, but soared thereafter to 20% in 2000 and 35% in 2010.[7]

Historically, inward investment in Finland has been much lower than the country's outward investment. Between 1995 and 2010, Finland's OFDI stock soared from US$ 15 billion to US$ 131 billion, whereas its IFDI stock increased from US$ 8 billion to US$ 83 billion (annex table 1). In absolute terms, both have risen almost tenfold during the period. In relative terms, IFDI has increased vis-à-vis OFDI. In 2010, the ratio of OFDI stock to GDP was 55%, and that of IFDI stock to GDP, 35%.[8]

Between 2000 and 2010, Finland's IFDI flows peaked, after falling during the technology downturn of the early 2000s, at US$ 12.5 billion in 2007 (annex table 2). In 2008-2009, IFDI flows turned negative after the global financial and economic crisis, but recovered to US$ 4.3 billion in 2010. The impact of the crisis differed from that in Sweden, Denmark and Norway; in the latter, IFDI declined, but did not fall below zero.

In terms of sectoral distribution, between 2000 and 2010, Finland's IFDI stock in manufacturing roughly doubled, from US$ 9 billion to nearly US$ 19 billion (annex table 3). More than half of the IFDI in manufacturing went to metals and engineering. At the same time, IFDI in services more than tripled from US$ 13 billion to US$ 60 billion. Almost half of the investments in services were in finance and insurance.

The rising FDI in Finland during most of the decade 2000-2010 has been led by investments from other European countries (annex table 4). The share of fellow economies from the EU-27 in Finland's IFDI stock was 95% in 2000 and increased to 97% in 2010; in particular, Scandinavian IFDI in Finland more than doubled during the period, remaining at around 60% of the total. Additionally, IFDI from the Netherlands and Germany accounted for some 24% of the total. IFDI from the United States was low, and that from Russia even less. Despite the important role of high-tech activities, led by the mobile communications giant Nokia, in the Finnish economy, US IFDI actually shrank from 3% of the total in 2000 to barely 1% in 2010 (annex table 4).[9]

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[5] In the 1980s, some liberalization of foreign investment did occur. See C. Bellak and R. Luostarinen, *Foreign Direct Investment of Small and Open Economies: Case of Austria and Finland* (Helsinki: Helsinki School of Economics and Business Administration, 1994); H. Aintila, *Ulkomaisessa omistuksessa oleva yritystoiminta Suomessa* [Foreign-owned corporate activities in Finland] (Helsinki: Taloudellinen suunnittelukeskus, 1975).

[6] Ibid.

[7] Figures other than those for IFDI stock in 2010 (provided in annex table 1) are from UNCTAD statistics, available at: http://unctadstat.unctad.org/

[8] Ibid.

[9] During the global crisis, foreign MNEs have been restructuring their organizations and concentrating their Nordic operations increasingly in Copenhagen or Stockholm. The pressures for reduced investments and even divestitures

Unlike many other Western European countries, Finland signed a science and technology cooperation agreement with the United States only at the end of the 1980s. US-Finnish factor/professional mobility, research and high-tech cooperation have remained marginal, compared with that between the United States and other Nordic and Western European nations.[10] This distance from the United States has recently limited the competitiveness of Nokia as well as of the Finnish national innovation system in general, which has been driven by the ICT sector, especially mobile communications. After all, US investors own half of Nokia, despite its low presence in the United States since the early 2000s.[11] In 2009-2010, US stock of FDI in Finland plunged over 25%, significantly more than in all other Nordic economies.[12]

The corporate players

In 2011, almost 40% of the leading 500 corporations in Finland ranked by sales were foreign affiliates, that is, at least partly foreign-owned. The net sales of these 500 companies amounted to US$ 451 billion, while foreign affiliates accounted for 19% of that total. The 500 companies employed some 1,058,500 people, with foreign affiliates accounting for 20% of the total. The leading foreign affiliates included Tamro (wholesale trade), Nordea Bank Finland (finance and investment), Nordea Life Insurance (insurance), Luvata (metal), ABB (electronics), Teboil (oil), RTF auto (car trade), and Telia-Sonera (telecom services) (annex table 5). Most of the largest foreign affiliates operated in metal products and engineering, wholesale trade and business services, and were heavily concentrated in or near Helsinki, the country's capital. Greater Helsinki accounted for two out of three (67%) foreign affiliates in Finland.[13]

In 2008-2010, the combined value of the top 30 cross-border merger and acquisitions (M&As) completed in Finland (annex table 6) was over US$ 4.0 billion. The average value of individual deals was US$ 136.2 million. US MNEs accounted for 31% of these deals and European MNEs for 26%, with German MNEs accounting for about half and Swedish about a fourth of the value of the European deals. The top M&A deals included the acquisition in 2008 of the Finnish M-Real mills by Sappi Ltd of South Africa (see annex table 6).

The largest greenfield FDI projects in Finland between 2008-2010 involved transportation, metal/mining as well as software & IT services (annex table 7). In turn, many smaller greenfield

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in Finland have grown in the past few years. By summer 2010, the number of affiliates of US companies in Finland was 465, whereas in Denmark and Sweden the corresponding figures were 800 and 1,400, respectively. See Dan Steinbock, *The Greater Helsinki Metropolitan Report* (Helsinki: GHP 2010), p. 58, available at: http://www.helsinkibusinesshub.fi/ghp/files/2011/02/steinbock_metropolitanreport.pdf

[10] Dan Steinbock , "Together and separate: Finnish-U.S. mobility in business studies," Academy of Finland, March 2005.

[11] Although the United States accounts for less than 4% of Nokia's net sales and just over 6% of its personnel, US investors own almost 50% of the company shares, which is nearly as much as investors from Europe as a whole. This portfolio investment has served as a showcase for attracting investment into Finnish ICT, particularly mobile communications. See Dan Steinbock, *Winning Across Global Markets: How Nokia Creates Strategic Advantage in a Fast-Changing World* (New York: Wiley, 2010), p. 106.

[12] Ibid.

[13] Information on the largest 500 corporations in Finland in 2011 and foreign affiliates on the list is from the *Talouselämä 500 Survey, 2011*, published by the Finnish financial newspaper *Talouselama*.

projects focused on consumer products (retail), hotels and tourism (construction), and electronic components (manufacturing). In half of the 30 major greenfield projects of 2008-2010, the source country was Nordic or Baltic. Most of the remaining projects were by MNEs from Germany, France, Switzerland, and the Netherlands. The three projects by US MNEs among the largest 30 involved electronic components (Sanmina-SCI, K2 Energy Solutions) and software and IT services (Google).

Effects of the recent crises

After the global crisis of 2008-2009, Finland along with other small and open economies reliant on export-led growth found itself at a crossroads. Even as its old growth engines – the paper and pulp, metal-engineering, chemicals, and ICT clusters – were decelerating, the country was coping with the fragile global recovery, the Eurozone debt crisis, the demise of Finland's old growth model based largely on export-led growth, and Europe's gradual and uneven recovery. Today, Finland trades mostly with the other Baltic Sea Region economies (40%) and the G-7 nations (30%). In the near- and medium-term, these countries have relatively low growth prospects. Despite a long and occasionally intense Finnish debate on "globalization", the future prospects of Finnish factor mobility, exports, FDI, and innovation are intertwined with the future of Europe.[14] Conversely, only 16% of Finland's trade is with the BRIC economies (Brazil, Russia, India, China), which have relatively high growth prospects. This can be problematic for Finland, because investment flows and foreign trade go hand in hand. The post-crisis conditions have also involved a decline of IFDI relative to OFDI.

In the medium-term, changing the Finnish national innovation system so that it would be more favorable for IFDI holds the greatest promise for the future, as Tuomo Airaksinen, CEO of Invest in Finland has suggested: "As Finland starts reforming its national innovation system, it is crucial to recognize that international companies and business networks are key resources in this process. Vast amounts of knowledge, know-how and capital are channeled through these companies and any reforms will not succeed without their active engagement."[15]

The policy scene

As noted, through much of the pre-Cold War period, Finland's special relationship with the Soviet Union and the restrictive policies accompanying it resulted in low FDI inflows. Strict currency and import regulations did not make Finland attractive for inward investment.

As EU membership required all capital controls to be abolished, the policy scene in Finland changed dramatically in the 1990s. Foreign ownership legislation in Finland changed in early 1993, as Finnish membership in the European Economic Association opened the doors to foreign

[14] Dan Steinbock, *Where Shall Finland Compete? Finland 2020: Between G-7 and the BRICs* (Helsinki: Ministry of Employment and Economy, 2010).

[15] "The system does not need of more taxpayers' money to make it work more effectively. Instead, the state should focus on establishing a well-functioning infrastructure and creating the most conducive environment possible for business and international cooperation." See Tuomo Airaksinen, "International companies can boost Finland's innovation system," *Baltic Rim Economies*, June 23, 2010, p. 15.

MNEs in the industrial and services sectors.[16] Finland joined the EU in 1995 and subsequently became the first Nordic country to join the European Monetary Union (EMU). At the same time, the global focus strategy of Nokia kicked in, and the economy picked up; in turn, this facilitated a more IFDI-favorable policy scene.[17]

During the Cold War, Finnish industrial policy was heavily biased toward heavy industry, while seeking to avoid international (read: Western) capital. The postwar era witnessed the rise of Finnish state-owned enterprises (SOEs), which – unlike SOEs in many other countries – are relatively independent and operate much like their private-sector counterparts. With or without privatization, these SOEs are now increasingly seeking international investment.

Until recently, the promotion of IFDI activities in Finland has been seen as conflicting with decades of export-led growth. In some cases, the success of IFDI in Finland (especially in mining) has triggered a debate on the "erosion of national competitiveness" as some Finnish media continue to regard IFDI in Finland as a potential threat to domestic companies and investors. Although Finland is facing the challenge of aging population and rapidly rising dependency ratios, the country's internationalization as measured by the share of foreign citizens, remains one of the lowest in Europe.[18]

Since the early 1990s, Invest in Finland, the national IFDI promotion agency, ha been pioneering a new mindset, but the idea of IFDI as providing opportunities for increased competitiveness and growth became more popular only on the eve of the global crisis. It was only then that Invest in Finland began to have a role in the Finnish national innovation system, its objectives were aligned with the Government's program and it was strengthened by the activities of the Greater Helsinki Promotion, which focuses specifically on IFDI in the greater Helsinki region, and other, smaller regional and municipal investment-promotion vehicles.[19] The personnel and resource allocation of these organizations, however, remain low relative to organizations promoting exports and OFDI.

Today, most investment opportunities in Finland can be placed in two broad and partly overlapping categories. On the one hand, there are the opportunities offered by the world-class clusters of the Finnish economy, particularly forestry, mobile communications, metals and engineering, and chemicals (including certain biotech niches). On the other hand, there are the investment opportunities promoted by Finnish government agencies during the past 10-15 years, particularly in two main areas: industry and technology (including cleantech, ICT, healthcare and wellbeing, mining), as well as in trade and other services (retail, finance and insurance, real

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[16] For instance, of the ten largest advertising agencies in Finland, eight soon became foreign-owned. The biggest foreign-owned company is ABB Finland. It is among the five biggest industrial employers.

[17] On Nokia's strategy, Finnish industrial policies and the economy, see Dan Steinbock, *The Nokia Revolution* (New York: Amacom, 2001); and, by the same author, "Assessing Finland's wireless valley: can the pioneering continue?" in *Telecommunications Policy*, volume 25, issues 1-2 (February 2001), pages 71-100.

[18] In 2009, the percentage of migrants as percentage of total population in the tiny and highly homogeneous Nordic countries ranged from 8% (Denmark) to 14% (Sweden). In Finland, it was much less, about 4%, only a little more than in relatively closed economies of Nepal and Iran (3% each). See United Nations, *World Population Policies 2009* (New York: United Nations, 2010).

[19] Prime Minister's Office, Finland, *Finnish Government Program*, June 22, 2011.

estate, business services, travel and tourism).[20] In relative terms, IFDI has grown more in services, which reflects the opening of the economy since the early 1990s and increasing Finnish prosperity (in 2010, almost half of the investments in services were in finance and insurance. and more than a fifth in trade), than in industry and technology, which are more sensitive to cost pressures and commodification (which is reflected by Finnish OFDI and the intense competitive pressures of Nokia, the foundation of Finnish ICT, in these segments).[21]

Invest in Finland assists international companies in finding business opportunities in Finland and provides all the relevant information and guidance required to establish a business in Finland. It also provides sector-specific expert teams to assist investors in industry and technology, as well as in business services. More recent actors in investment promotion are *Business Oulu* in Northern Finland, which presents itself as a world research and development (R&D) hub for wireless services, offering innovative resources, competitive costs and a logistic hub, and the previously-mentioned Greater Helsinki Promotion, which seeks to enable dynamic international companies to achieve business success in Finland, especially in the Greater Helsinki region, as well as Russia and the Baltics. Just like Finnair (the national airline) promotes itself as the "fastest way from Europe to Asia", these agencies now hope to attract Chinese investments, with Finland serving as a springboard to Europe.

In the summer of 2011, IFDI objectives were listed among national priorities in the current *Program of the Finnish Government:* "The Government will prepare a strategy for attracting foreign investments and capital to Finland. In this context, the role of Invest in Finland will be strengthened."[22] This strategy was coupled with the idea that Finland could "act as an international business center for Russia or between Russia and the rest of the European Union"; Moreover, as part of the national strategy for attracting foreign investments, the Government was committed to efforts to "attract investments in knowledge-intensive industries to Finland."[23]

Attempts to attract investments into knowledge-intensive industries have been increasing ever since the rise of Nokia and Finland's reputation for high-level science and technology (S&T) and R&D capabilities. On the other hand, Nokia's competitive challenges and increasing globalization have made attaining this objective more difficult since 2010.

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[20] Within these two categories, there are also other opportunities: The Finnish innovation system comprises sets of actors (e.g., Centers of Expertise, science parks and innovation centers) that are internationalizing their strategies. Finland's larger urban regions (not just Helsinki, but also Tampere, Turku, Oulu, and even Jyvaskyla) are increasingly seeking internationalization opportunities.

[21] See also the discussion above on shifts in sectoral distribution, under Country-level developments, and annex table 3.

[22] Prime Minister's Office, Finland, *Program of the Finnish Government,* June 22, 2011, p. 65 http://www.vn.fi/hallitus/hallitusohjelma/pdf332889/en334743.pdf

[23] Prime Minister's Office, Finland, *Program of the Finnish Government,* June 22, 2011, p. 85 http://www.vn.fi/hallitus/hallitusohjelma/pdf332889/en334743.pdf In practice, the former goal – serving as a springboard for Russia – had attracted many MNEs to Finland after the collapse of the Soviet Union and until the late 1990s. Since then, the Russian investment climate has improved substantially and many MNEs are able and willing to establish operations in St Petersburg and Moscow; thus making it more difficult to promote Finland as a door to Russia.

Conclusions

During the past decade, there has been much debate on "globalization" in Finland. Nonetheless, the future prospects of the Finnish economy are intertwined with those of Europe. This is particularly the case with IFDI in Finland, which originates primarily from Scandinavian economies and secondarily from a handful of other European economies. At the same time, Finland has been one of the most competitive economies worldwide, despite a recent erosion in rankings. Usually, such economies attract FDI like magnets. That has not been the case in Finland – not least because of its small size, demanding climate conditions, and complex geopolitics. Until the end of the Cold War, Finland's restrictions on inward foreign investment were some of the strongest in the developed world. During the past three decades, Finland's inward FDI as percentage of GDP has soared from just 1% to 30%, although it remains well behind the country's OFDI and has been declining in the past few years.

In the past few years, the impact of the global crisis, intensifying competition and the innovation challenges faced by Nokia and the Finnish ICT industry in general have resulted in growing concern over the future prospects for IFDI in Finland. As a result, investment promotion efforts have been strengthened, IFDI is increasingly seen as an inherent part of the national innovation system and the Government seeks to embrace a policy of vigorous IFDI promotion. As yet, however, these initiatives are more aspirational and rhetorical than empirical and actual. Due to decades of export-led growth, the national focus remains disproportionately on exports, whereas IFDI attraction still plays a minor, if growing, role in public policies. However, as efforts to integrate these activities with the national innovation system indicate, IFDI remains a promising and relatively untapped opportunity for the Finns. The challenge is precisely to take advantage of this opportunity.

Additional readings

Steinbock, Dan. *The Competitiveness of Finland's Large Urban Regions,* Finland's Ministry of Interior, 2007*,* available at : http://www.intermin.fi/intermin/biblio.nsf/20EF0D956C95D2CAC22572B2004A37AE/$file/steinbock_022007.pdf

Steinbock, Dan. "Finland´s inward FDI," *FDI Magazine/ Financial Times,* October 2005.

Useful websites

For statistical material about Finland, see Statistics Finland: available at: http://www.stat.fi/

For information about Finnish economy, foreign economic affairs and foreign trade, see especially:

- Finland's Ministry of Employment and Economy: http://www.tem.fi

- Bank of Finland: http://www.bof.fi/
- Ministry for Foreign Affairs of Finland: http:// www.formin.fi/english
- Ministry of Finance: http://www.vm.fi/vm/en/

On the key players in IFDI in Finland, see

- Invest in Finland: http://www.investinfinland.fi/
- Greater Helsinki Promotion: http:/www.helsinkibusinesshub.fi/

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Statistical annex

Annex table 1. Finland: inward FDI stock, 2000-2010

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Finland	24.3	24.1	34.0	50.3	57.4	54.8	70.6	91.7	83.6	84.4	82.7
Memorandum: comparator economies											
Sweden	94	91.9	119.4	158.9	197.4	172.3	227.3	293.4	278.8	332	348.7
Norway	30.3	32.7	42.8	49.0	79.4	76.3	95.7	125.6	112.8	147.1	171.8
Denmark	73.6	75.5	82.8	100.2	116.7	116.4	133.8	162.5	153.7	152.5	139.2

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi.

Note: All figures are in US dollars at current prices and current exchange rates.

Annex table 2. Finland: inward FDI flows, 2000-2010

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Finland	8.8	3.7	8	3.3	2.8	4.8	7.7	12.5	-1.0	-4.5	4.3
Memorandum: comparator economies											
Sweden	23.4	10.9	12.3	5.0	12.1	11.9	28.9	27.7	36.8	10.3	5.3
Denmark	33.8	11.5	6.6	2.7	-10.4	12.9	2.7	11.8	2.2	3.0	-1.8
Norway	7.1	2.1	0.8	3.5	2.5	5.4	6.4	5.8	10.8	14.1	11.9

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi.

Note: All figures are in US dollars at current prices and current exchange rates.

Annex table 3. Finland: distribution of inward FDI stock by economic sector and industry, 2000 and 2010

(US$ million)

Sector/industry	2000	2010
Manufacturing	**9,468**	**18,882**
Metal and engineering	4,594	11,657
Chemical	1,611	3,982
Manufacturing other than metal and engineering and chemical	3,265	4,328
Services	**13,294**	**60,007**
Trade	2,933	13,291
Finance and insurance	7,676	26,847
Services other than trade, finance and insurance	2,686	19,868
Other	**1,630**	**2,495**
Household investments in real estate and dwellings	**127**	**415**
Total	**24,520**	**82,942**

Source: Bank of Finland, available at: www.bof.fi

Annex table 4. Finland: geographical distribution of inward of FDI stock, 2000, 2010

(US$ million)

Region / economy	2000	2010
World	**24,520**	**82,942**
Europe	**23,233**	**80,466**
Austria	153	594
Belgium	63	494
Czech Republic	--1.9	1
Denmark	1,653	4,551
Estonia	-14.1	157
France	124	2,116
Germany	631	7,157
Greece	0	-3
Hungary	--0.9	51
Iceland		
Ireland	99	315
Italy	22	575
Latvia	-16	-12
Lithuania	-6	-12
Luxembourg	108	2,943
Netherlands	4,808	12,667
Norway	707	947
Poland	189	-68
Portugal	--0.9	5
Russia	226	628
Spain	22	375
Sweden	12,422	41,623
Switzerland	674	486
United Kingdom	1,345	1,876
America	**838**	**1,814**
North America	**851**	**764**
Canada	25	66
United States	825	697
Central America		**1,056**
Mexico	-17.9	2
South America		**-3**
Brazil	-8	--16
Asia	**257**	**630**
China	-10	-5

Hong Kong (China)	-5	-20
Japan	273	273
Singapore	1	
Africa	**35**	**-34**
Oceania	**31**	**64**
Australia	31	64
Not classified	**127**	**0**

Source: Bank of Finland, available at: www.bof.fi

Annex table 5. Finland: principal foreign affiliates, ranked by net sales, 2011

Rank	**Name**	**Industry**	**Net sales**	**Employees**	**Location**
			US$ million	**(Number)**	
1	Tamro	Wholesale	5,922	5,455	Vantaa
2	Nordea Pankki Suomi	Finance and investment	4,907	10,038	Helsinki
3	Nordea Henkivakuutus	Insurance	3,741	157	Helsinki
4	Luvata	Metal	3,178	7,354	Espoo
5	ABB	Electronics	2,935	7,083	Helsinki
6	Teboil	Oil	2,704	481	Helsinki
7	RTF Auto	Car trade	2,381	3	Helsinki
8	Telia-Sonera Finland	Telecom services	2,295	4,385	Helsinki
9	Suomen Lähikauppa	Retail	1,553	3,980	Helsinki
10	Sampo Pankki	Finance and investment	1,295	3,026	Helsinki
11	Also Nordic Holding	Wholesale	1,231	725	Tampere
12	Norilsk Nickel Harjavalta	Metal	1,204	273	Espoo
13	Skanska	Construction	1,085	3,138	Helsinki
14	Sanitec	Construction	1,041	7,860	Helsinki
15	Vattenfall	Energy	1,029	443	Helsinki
16	Dynea	Chemicals & plastics	956	2,056	Helsinki
17	Lidl Suomi	Retail	830	2,524	Vantaa
18	Consolis	Construction materials	834	4,831	Vantaa
19	STX Finland	Metal	811	3,576	Helsinki
20	OMG Finland	Metal	806	1,003	Kokkola

Source: Talouselämä 500 Survey, 2011.

Annex table 6. Finland: main M&A deals, by inward investing firm, 2008-2010

Date	Acquiring company	Home economy	Target company	Target industry	Shares acquired (%)	Value of transaction (US$ million)
2010	Access Capital Partners Group	Belgium	PPEF	Investors	100.0	21.6
2010	Island Lux Sarl & Partners SCA	Luxembourg	Huhtamaki-Consumer Goods Op	Packing and crating	100.0	69.2
2010	AB Sagax	Sweden	NREP-Ppty,Helsinki(10)	Operators of nonresidential buildings	100.0	54.0
2010	Mediq NV	Netherlands	Oriola-KD Healthcare Oy	Medical, dental, and hospital equipment and supplies	100.0	107.3
2010	Ag Growth International Inc	Canada	Mepu Oy	Conveyors and conveying equipment	100.0	11.6
2010	OpenGate Capital	United States	Stora Enso Oyj-Kotka plant	Uncoated paper and multiwall bags	100.0	31.9
2010	Tanla Solutions Ltd	India	Tanla Oy	Prepackaged software	10.0	7.9
2010	Bondholders	Sweden	Elcoteq SE	Semiconductors and related devices	-	27.2
2010	EXFO Electro-Optical	Canada	NetHawk Oyj	Telephone communications, except radiotelephone	91.0	51.3
2010	Know IT AB	Sweden	Endero Oy	Computer facilities management services	100.0	12.8
2009	Ratos AB	Sweden	Inwido Finland Oy	Metal doors, sash, trim	25.0	12.8
2009	Vulcan Resources Ltd	Australia	Suomen Nikkeli Oy-Assets	Ferroalloy ores, except vanadium	100.0	7.1
2009	Rite Internet Ventures AB	Sweden	Verkkokauppa.com Oy	Catalog and mail-order houses	15.0	4.4
2009	Charles River Labs Intl Inc	United States	Cerebricon Ltd	Commercial physical and biological research	100.0	9.0
2009	AB Sagax	Sweden	Tibnor Oy-warehouse	Construction materials, nec	100.0	11.4
2009	Commerz Real AG	Germany	Swing Life Science Center	Operators of nonresidential buildings	100.0	168.4
2009	Nordnet AB	Sweden	eQ Pankki Oy	Banks	100.0	51.0
2009	Nordnet AB	Sweden	eQ Oyj	Security brokers, dealers, and flotation companies	100.0	50.6
2009	Bunge Ltd	United States	Raisio Oyj-Margarine Business	Edible fats and oils	100.0	109.1
2009	XCounter AB	Sweden	Oy AJAT Ltd	X-Ray apparatus and tubes and other irradiation equip.	49.8	6.1

2008	Sappi Ltd	South Africa	M-real Corp-Coated Graphic	Paper mills	100.0	1,081.78
2008	MASDAR	United Arab Emirates	WinWind Oy	Turbines and turbine generator sets	-	177.5
2008	Also Holding AG	Switzerland	GNT Finland Oy	Computers and peripheral equipment and software	49.9	73.7
2008	Rockwood Holdings-Titanium	Germany	Kemira Oyj-Titanium Dioxide	Chemicals and chemical preparations	100.0	393.3
2008	Protego Real Estate Investors	United Kingdom	Kauppakeskus Kamppi	Operators of nonresidential buildings	100.0	706.9
2008	Carlyle Group LLC	United States	Tapiola-Yhtiot-Properties(30)	Operators of nonresidential buildings	100.0	330.0
2008	GIC Real Estate Pte Ltd	Singapore	Iso Omena	Operators of nonresidential buildings	40.0	191.8
2008	Bank VTB	Russian Fed	Ruukki Group Oyj	Sawmills and planing mills	10.1	112.1
2008	Rohm & Haas Co	United States	OY Forcit AB-Polymer	Plastics materials and synthetic resins	100.0	88.7
2008	ING Vastgoed BV	Netherlands	Merikortelli Building	Operators of nonresidential buildings	100.0	103.9

Source: The author, based on Thomson ONE Banker, Thomson Reuters.

Annex table 7. Finland: main greenfield projects, by inward investing firm, 2008-2010

(US$ million)

Year	Investing company	Home economy	Sector	Business activity	Investment value
2010	Clas Ohlson	Sweden	Consumer products	Retail	53.7[a]
2010	Deutsche Bahn	Germany	Warehousing and storage	Logistics, distribution and transportation	40.7[a]
2010	Deutsche Bahn	Germany	Transportation	Logistics, distribution and transportation	87.5[a]
2010	Pan Village	Sweden	Hotels and tourism	Construction	58.2[a]
2010	M+W Group (M+W Zander)	Germany	Electronic components	Manufacturing	58.3[a]
2010	Bauhaus	Germany	Consumer products	Retail	53.7[a]
2010	Baltijas Aviacijas Sistemas (BAS) (Baltic Aviation Systems)	Latvia	Transportation	Logistics, distribution and transportation	87.5[a]
2010	airBaltic	Latvia	Aerospace	Logistics, distribution and transportation	270.9
2010	Hennes & Mauritz (H&M)	Sweden	Consumer products	Retail	53.7[a]
2010	Nord Stream AG	Switzerland	Coal, oil and natural gas	Logistics, distribution and transportation	599.6[a]
2009	LVMH Group	France	Consumer products	Retail	53.7[a]
2009	First Quantum Minerals	Canada	Metals	Extraction	400.0
2009	CapGemini	France	Software and IT services	ICT and internet infrastructure	85.3[a]
2009	Bigbank As	Estonia	Financial services	Business services	15.0[a]
2009	Heineken	Netherlands	Beverages	Manufacturing	34.4[a]
2009	Alcatel-Lucent	France	Communications	ICT and internet infrastructure	133.9[a]
2009	SMScredit Group	Latvia	Financial services	Business services	15.0[a]
2009	K2 Energy Solutions	United States	Electronic components	Manufacturing	44.0
2009	Google	United States	Software and IT services	ICT and internet infrastructure	86.5[a]
2009	EQT Partner	Sweden	Hotels and tourism	Construction	51.7[a]
2008	Sanmina-SCI	United States	Electronic components	Manufacturing	52.0[a]
2008	WPD	Germany	Alternative/renewable energy	Electricity	215.8[a]
2008	AB Sagax	Sweden	Real estate	Construction	35.3

2008	LVMH Group	France	Consumer products	Retail	51.9 [a]
2008	Byggmax	Sweden	Consumer products	Retail	53.7 [a]
2008	Axel Johnson AB	Sweden	Consumer products	Retail	51.9 [a]
2008	Russian Railways (Russkiye Zheleznye Dorogi) (RZD)	Russia	Transportation	Logistics, distribution and transportation	1,254.2
2008	Yara International	Norway	Minerals	Manufacturing	81.7
2008	Enics	Switzerland	Electronic components	Manufacturing	52.0 [a]
2008	Agnico-Eagle Mines	Canada	Metals	Extraction	225.6

Source: The author, based on fDi Intelligence, a service from the Financial Times Ltd.

[a] Estimated investment.