GOING GLOBAL
EXPORTING TO FINLAND
A guide for clients

#GlobalAmbition
Capital
Helsinki

Population
5.5m

GDP per capita
$47,946

GDP Growth
2.3%

Unemployment
7.4%

Finnish exports in 2018
€63.7bn

Predicted economic growth for 2019
1.5%

Enterprise Ireland client exports (2018)
€48.06m
WHY EXPORT TO FINLAND?

Finland, “land of a thousand lakes” is known for its lakes, forests, environment, saunas, and high-tech. As a Nordic country with a stable economy and high standards of living, people value high quality goods and services.

Finland is a highly industrialised, largely free-market economy with one of the highest per capita gross domestic product (GDP) in Europe. It is an EU member and has been in the Eurozone since 1999. Due to its northern location, Finland is very dependent on the import and export of a variety of goods. Traditionally it has also served as a trade link between east and west, providing connections between Russia, Scandinavia and the Baltic countries.

Finland is the only country in the Nordic region that uses the Euro, so there is no currency risk when doing business there. It is a relatively small market, but Irish companies that have done well in Finland speak positively of the Finns, describing them as honest, hard-working and reliable. Finns are generally tech savvy and the market can be a good test bed for innovative products.

Finland has quickly expanded from traditional industries to a modern high-tech service society. Nevertheless, the large size of the country and vast natural resources; traditional paper and pulp, forestry, mechanical engineering and metal industries still account for much of the economy. The mix of industries and services offer a wide range of opportunities, not commonly found in a country of this size.

The presence of large manufacturing companies has created a vibrant SME scene which provides products, components and subcontracting services. A lot of machinery, materials and parts are acquired from abroad. Finnish companies are always looking for more efficient material processing methods, better components and ways to cut down costs in a competitive environment. Companies delivering added value products and unique technologies have a good chance to find partners in Finland.

Bordering Sweden, Norway and Russia, Finland allows good access to the region and the Baltic countries. Flight connections from Ireland to Finland are good, with direct flights to and from Dublin to Helsinki with Finnair and Norwegian. Finnish time is two hours ahead of Ireland.

Other Enterprise Ireland client companies are selling into Finland, so why aren’t you?

- Finland is the 7th best place to do business in the world
- Finland is the 11th most competitive country in the world
- Finland ranks 10th in the world in innovation
- Finland ranks as the top EU country in quality of education
- Finland ranks 3rd in Europe for scientific researchers per capita
- The Finnish Government’s R&D expenditure per capita is among the top ten globally
- Finland is the most stable country in the world
- Finland is the safest destination globally, the fifth most environmentally sustainable and sixth in both ICT readiness and human resources/labour markets
- Finland is the third least corrupt country in the world

Sectoral success

- Finland is one of the world’s top exporters of forest products
- World class material handling and lifting solutions
- First-class cleantech companies
- Renewable energy production is growing fast
- Investments in new hospitals and renovations
- Marine industry is breaking records in orders
- Over 40 active mines and new prospects providing opportunities
- Finland is among global leaders in telecommunications and innovative technology applications
- High R&D and knowledge in wireless and mobile products
GET READY TO DO BUSINESS IN FINLAND

Finnish companies usually look for long-lasting partnerships, but they are open to new ideas and partners especially if some added value can be provided28. As Finland is dependent on the export and import of goods, Finns understand international trade and have developed good English language skills, placing Finland among the top four English speaking countries in the world29.

Travelling and geography
Finland is almost 1,200 km long, and only contains 5.5 million people, which means that distances between cities and towns are big30. Depending on the field of business and industry in question it might be necessary to travel long distances for business meetings. Finland has an excellent public transportation network and the roads are in good condition even during winter31. Many companies’ headquarters are in the capital city region in Helsinki, Espoo and Vantaa. Other business bases are Tampere, Turku, Jyväskylä and Oulu.

Meeting with the Finns
When meeting Finns for the first time you will notice the influence of western business culture. Be prepared to drink a lot of coffee as Finland is the number one in coffee consumption in the world32. Finns might seem be a bit reserved in the beginning, and one needs to be aware that Finns are comfortable with long silences33. A likely type of question starts with “what happens if…”. Living in a cold northern country tends to make people prepare for worst case scenarios and some perceive that Finns are pessimistic, but this is not the case. Most Finns speak English but do remember not to speak too quickly or use complicated vocabulary or slang. Marketing materials can usually be in English to start with, but you should consider having it translated into Finnish once you have partners and customers in Finland.

References and certifications in order
If a company has references from other Nordic countries it can help to find a Finnish partner. Finland looks closely at what happens in the Scandinavian countries, as there is a healthy comparison and even competition among the nations34. Presenting references from other European countries is also a definitive bonus as experience on export and logistics is greatly valued. Delivery times and the transport of goods are questions you are guaranteed to be asked, so be prepared to present options and even prices for deliveries.

Finns appreciate solid documentation and follow guidelines to the fullest. Environmental legislation is among the tightest in the EU and construction standards are very high35. Any certifications, standards or accreditations might give you a competitive advantage over other suppliers.

Language
In the beginning, English marketing and sales material will be adequate until a local partner is found. After that a serious exporter will translate materials into Finnish. Use professional help for the translation as Finnish is among the hardest languages to master36. It is good to note that Swedish is also an official language, and for example, food and drink products should have certain information in both Finnish and Swedish37.

Routes to market

Importers
Having a local partner with existing contacts can greatly assist an Irish company in establishing a presence, translating materials and making sales. For example, the Finnish retail market is consolidated and the companies use a variety of importers as well as wholesalers from whom they outsource niche and special products38.

Distributors or wholesalers
Finding a distributor or a wholesaler which can deliver products across the geographically large nation can be a good way to access the market.

Online stores
Finnish companies are among the top of the world in online selling solutions and many companies utilise them to sell products39. Finns appreciate convenience of online shopping and it is gaining more market share.
THINGS TO CONSIDER

Each Nordic country has its own culture, traits and traditions, meaning that while they are very closely linked and often similar, there are some things that will work in one country and not another. As separate countries they also go through different challenges and opportunities at different times such as the tech sector booming in one country, while declining in another. This needs to be taken into account when proposing your product to each market and the questions below can help guide you in your exporting decisions.

The Market Landscape
What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors? As the population of Finland is widely dispersed and the country is sparsely populated in relation to its size, seeing how your competitors target consumers and distribute products is a great indicator to what you will require.

Market Segmentation
Who are your most probable customers, where are they located, how and what else do they currently buy, who are their influencers and what "need" are you fulfilling?

Market Competition
Who are your rivals in the market and how do their offerings compare with and differ from yours? It is common that when Irish companies start researching the Finnish market they discover competitors they never knew they had.

Market Research Resources
Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the Finnish market. Enterprise Ireland’s Market Research Centre offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.

Market Trends
What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why - it may exist for a reason.

Target Market
How does your target market make buying decisions? Who are the relevant decision-makers - what are their job titles and responsibilities? For example, in terms of retail, Finnish people are incredibly price sensitive when it comes to purchasing clothes®.
KEY GROWTH OPPORTUNITIES IN FINLAND

Finland’s economy is highly industrialised and a strong player in the global market with an economic freedom score of 74.1. In 2018, the value of Finland’s industrial output grew by 6.5% on the previous year, thus reaching a total of €911 billion.

Finland is a multi-sector economy with the service sector accounting for 73% of economic wealth. Agriculture, manufacturing, electronics and refining are all central to continued success and these industries are constantly looking for improved processes.

It is helpful to understand that Finland views its technology sector as five sub sectors (each with its own overseeing organisation): Electronics Industry (15.3 billion euros turnover 2018); Metals Industry (10.8 billion euros turnover 2018); Mechanical Engineering (31.7 billion euros turnover 2018); Information Technology (13 billion euros turnover 2018); and Consulting Engineering (6.3 billion euros turnover 2018).

**Energy, cleantech and environmental solutions**

The consumption of energy per person in Finland is high because of the cold climate, sparse population, long distances and the heavy nature of industry. Finland is among the world’s leading countries in environmental sustainability in the World Economic Forum’s Performance Index. Finnish environmental legislation is among the strictest in the world and environmental issues have been at the top of the agenda for many years.

Finnish companies have developed advanced mechanical, biological and chemical effluent treatment systems, sludge dewatering and treatment, as well as internal process water treatment technologies.

A recent focus has been on the removal of micro-pollutants from drinking water, utilisation of treated wastewaters, recycling of industrial wastewaters, and nutrient recovery.

There are substantial investments in renewable energy production, energy efficiency, bioenergy and biofuels as Finland wants to improve its energy self-sufficiency. 38% of the Finnish energy is produced from renewable sources and the Government has set a target of 50% renewables by 2030.

According to the Finnish Wind Power Association a record amount of 182 new wind power plants were built in Finland in 2016. In 2015, Finland doubled its wind power capacity to 1005 MW and the 2016 completed plants added further 570 MW to the capacity. The total installed capacity exceeded 1000 MVA, while almost 400 MVA of new capacity was built.

The current project pipeline under various stages of development consists of over 9000 MVA on-shore and over 1500 MVA off-shore projects. There are close to 200 companies and other organisations actively operating in the Finnish wind power market. So far the largest investors have been such domestic companies as Tuuliwatti, Taaleritehdas and EPV Group.

**Healthcare and life sciences**

The healthcare system in Finland has special features that other countries do not possess. 311 municipalities have the main responsibility for organising and financing healthcare, which have exceptionally small population bases in international comparison. Nevertheless, the Finnish public healthcare system is one of the most advanced in the world. Finland has one of the most rapidly ageing populations in Europe and the world. By 2030, Finland is projected to have 26% of its population over 65 years of age and this will provide challenges and opportunities for companies and organisations.

There are over €1 billion worth of hospital projects ongoing in Finland. The Ministry of Social Affairs and Health has granted over 10 special permissions for large hospital investments. Some of the projects are in planning and preparation stages.

**Finnish Healthtech**

In 2018, the turnover of Finnish Healthtech companies was €2.3 billion. The sector has been growing steadily with imports of health technology rising by 6% as well. Within the last 20 years, Finnish Healthtech exports bring a continued trade surplus to Finland in most areas, increasing the sectors importance.

Finnish companies are strong in in vitro diagnostics, wireless products and applications, as well as healthcare software. Some of the most interesting Finnish companies are Orion with pharmaceuticals,
diagnostic tests and test systems; Planmeca with dental technology products; Lojer with hospital and care equipment; and Optomed with digital imaging devices.

Forestry industry and bioeconomy

Finland has a vast amount of forests covering 78% of Finland’s land area, which has made the forestry industry a large part of the Finnish economy. Natural Resources Institute Finland estimates that they alone employed 64,000 people in 2017. The pulp and paper industry covers roughly 60% of the forestry industry’s value, with production value of €15.5 billion. Currently there are 69 operational pulp, paperboard, paper or paper processing mills. Many of the plants are owned by the same few companies: leaders in the Finnish pulp and paper industry are Stora Enso, UPM and Metsä Group.

Growth for the forestry industry is expected to be in the so-called bioeconomy which includes environmentally friendly packaging materials, biorefineries and biofuels, bioenergy, new building materials and advanced composites. These can provide opportunities for producers, component manufacturers, service companies and technology providers.

It is forecasted that by 2030 the majority of chemicals will be bio based and carbon dioxide will be more widely used as a raw material. There are substantial R&D efforts in Finland, with spin-off companies moving from research to commercial applications. Examples include new composites, packaging materials, nanocellulose, textile fibres, food products, medicines, feeds, and biofuels.

Mechanical engineering

Mechanical engineering and the metal product industry is the largest sector in the Finnish technology industries and the one with the most employees. The turnover of the mechanical engineering industry was approximately valued at €30 billion at the beginning of 2018, and the number of personnel was employed was 133,000 people.

Finnish companies are strong in building power plant and ship engines, pulp and paper machines, mining, ore and mineral handling equipment, elevators, cranes and lifts as well as forestry and agriculture machines. The metal processing industry manufactures and further processes steel, copper, stainless steel, zinc and nickel products for the metal, machinery, automotive, construction, and electronics industries.

Due to long tradition in forestry industries, Finnish companies have developed cutting-edge forestry machines, attachments and solutions which they export in large amounts to all over the world. Agriculture machinery is mostly sold to EU countries. Production consists of tractors, field machinery, harvesters, indoor equipment, transportation, special equipment and attachments. The products are durable, as they are designed for demanding northern climates.

Because of long distances and Finland’s dependency on foreign trade, many Finnish companies operate in the material handling and logistics fields. Solutions and products have been developed for warehouses, terminals and ports. Many of these companies are multinational with export activities, but there is also a strong SME field serving larger companies and manufacturing industries. The same solutions and technologies have been further customised for waste management and recycling purposes.

Marine industry

The marine industry is one of the most international industry fields in Finland, as more than 90% of its products are exported. Finnish marine industries consist of around 1,000 companies including shipyards, design offices, turn-key companies, material and system providers. Most recent findings show that the field employs 30,000 people and recently achieved an annual turnover of €8.33 billion (an increase of 3.6%). The Finnish shipbuilding industry is part of Finland’s broader maritime cluster, which has a total turnover of approximately €13.6 billion and a total value added of €3.8 billion, representing 1.8% of GDP (OECD 2018).

Some of the most luxurious public spaces in cruise ships are made in Finland. Finnish turn-key companies deliver complete spaces for vessels, such as fully equipped kitchens, stairways, restaurants and cabin modules. Finland also has a substantial knowledge in arctic seafaring and building ice breakers.

Cruise ship order books are filled for the next 10 years. In addition, there are orders on new passenger ferries, ice breakers, as well as repairs and refurbishments of old ships, which will amount to around 200 vessels that Finnish companies will be working on.
Visa requirements
Finland is an EU Member State and a member state of the Schengen Area, and thus any nationals from EU member states do not require visas or special permission to travel to Finland.

Finland has a civil law system. EU law is directly applicable and takes precedence over national legislation.

There are no exchange control or currency regulations.

Corporate structures-intellectual properties, contractual terms and conditions, employment.

Management restrictions
When forming a company in Finland, one member of the board of directors and the managing director need to be resident in a European Economic Area (EEA) member state (that is, all the members of the EU plus Iceland, Liechtenstein and Norway). It is possible to apply for an exemption from this requirement from the Finnish Trade Register.

Certain minimum terms of employment apply to employees who are temporarily posted to Finland and whose employment is subject to a foreign country’s legislation.

Generally, Finnish employment law applies to Finnish employees that are temporarily seconded to work abroad.

A written contract is not required, unless requested by either party. However, an employer must give employees who are employed under an oral contract, a written statement of the main terms of employment ahead of issuing a first pay cheque.

Tax structures
Entrepreneurs, corporations, partnerships and their joint owners as well as the people engaged in agriculture and forestry are subject to business taxation.

The profit of private business persons and self-employed persons is taxed as entrepreneur’s income. The profit of a business partnership is taxed as income of the joint owners in accordance with the regulations on the taxation of joint owners of business partnerships. Corporations such as limited companies are taxpayers themselves, and they pay a corporation tax on their profit. The tax rate is 20% of the corporation’s taxable income.

The state and municipalities are recipients of corporation tax. The state’s latest confirmed permanent allotment ratio on the corporation tax is 68.65% and that of municipalities 31.35%.

For more information, see: https://vm.fi/en/tax-system
HELPING YOU WIN IN FINLAND

After you get there...

As a first-time entrant to the Finnish market, your brand may be totally unknown. To build market presence as efficiently as possible, take an integrated approach to marketing including:

**Company website** should be updated to accommodate international enquiries and sales, as well as being an online brochure. Have a Finnish language landing page with news relevant to the Finnish market, if possible, with a significant customer endorsement. If you are already exporting into the Finnish market, a Finnish version of your site will help initially.

Where possible, set up a .fi domain, and use localised search optimisation and search engine marketing techniques.

**Social media** is an effective way of building up a network in Finland. Get active on LinkedIn. Our Irish Professionals Nordic Network (IPNN) LinkedIn group may be useful to become a member of and remember to check the Irish Embassy website for Finland for further advice.

Helping you succeed in Finland

Enterprise Ireland assists clients entering new markets with

**Pre Visit Support**

Sector overview

- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

**In-market support**

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

**International trade events**

- Inward buyers’ missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

**Additional supports**

- Access to translation and interpreting services
- Introductions to specialists in all areas, including legal, recruitment, PR and taxation
- Access to mentors

Enterprise Ireland has also built up an excellent network of individuals in Finland who are available to work with Irish client companies looking to develop their business. It includes market and sector specialists, business accelerators and members of Irish business associations.
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