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## INVEST

### FOREIGN DIRECT INVESTMENT

Foreign direct investment (FDI) flows to Finland have been fluctuating in recent years, and stood at USD 9.4 billion in 2022 (compared to 13.8 billion one year earlier) according to the [2023 World Investment Report](#) published by UNCTAD. In the same year, the total FDI stock amounted to USD 99.9 billion (+15.8% y-o-y), roughly 35.5% of the country's GDP. 47% of new foreign investment in 2022 was directed to the Uusimaa region in southern Finland, which includes the capital Helsinki and other major cities like Hyvinkää and Espoo. Examined by country, net inward FDI stock is highest from Sweden (EUR 22.8 billion), the Netherlands (EUR 11.6 billion), Luxembourg (EUR 9.8 billion), and Norway (EUR 5.2 billion – data Finnish Investment Agency). In 2022, foreign owners' returns on direct investments in Finland reached a total of EUR 7.9 billion, with EUR 6.3 billion in dividends paid abroad and EUR 0.7 billion in interests. Reinvested earnings constituted EUR 0.9 billion. When analyzed by country, the majority of returns from Finland originated from investors in Sweden (EUR 3.8 billion), the Netherlands (EUR 1.4 billion), and Luxembourg (EUR 0.5 billion). The primary sectors contributing to returns from foreign owners were manufacturing, with EUR 3.6 billion, and financial and insurance activities, with EUR 1.5 billion (Statistics Finland). In terms of stock, inward FDI to Finland are mainly directed towards enterprises engaged in manufacturing, financial and insurance activities, information and communication, real estate, and wholesale and retail trade. According to the latest figures from the OECD, FDI inflows to Finland totalled USD 1.76 billion in the first half of 2023, compared to USD 1.48 billion in the same period one year earlier (+19.3%).

The country's strengths include a highly educated workforce, a knowledge-based and innovative economy, a reputation for stability and lack of corruption, competitiveness, a strategic position at the centre of a dynamic zone formed by Russia, Scandinavia and the Baltic countries and its orientation towards high technology, research and development. In recent years, the country's government announced several tax incentives for foreign investors to conduct research and development activities in Finland. Among the country's weak points are the small size of its market, a high vulnerability to the international situation, substantial labour costs and a high degree of dependence of the country's banking sector on the Swedish and Danish financial sectors. Furthermore, significant amendments to the Monitoring of Foreign Corporate Acquisitions Law (172/2012) entered into force, widening the scope of acquisitions that are subject to mandatory pre-approval. Overall, Finland has a very friendly business environment, as shown by the fact that the country ranks 12th out of 82 countries in the Economist Business Environment ranking; as well as 11th out of 63 countries in the [World Competitiveness Index](#) published by the International Institute for Management Development (IMD). Furthermore, Finland ranks 6th among the 132 economies on the [Global Innovation Index 2023](#) and 12th out of 184 countries on the [2023 Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
<b>FDI Inward Flow</b> <i>(million USD)</i>	-1,579	13,806	9,445
<b>FDI Stock</b> <i>(million USD)</i>	90,468	86,292	99,901
<b>Number of Greenfield Investments*</b>	143	119	86
<b>Value of Greenfield Investments (million USD)</b>	2,452	2,658	2,563

Source: UNCTAD - Latest available data.

Note: \* Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Finland	OECD	United States	Germany
Index of Transaction Transparency*	6.0	6.5	7.0	5.0
Index of Manager's Responsibility**	4.0	5.3	9.0	5.0
Index of Shareholders' Power***	8.0	7.3	9.0	5.0

Source: Doing Business - Latest available data.

Note: \*The Greater the Index, the More Transparent the Conditions of Transactions. \*\*The Greater the Index, the More the Manager is Personally Responsible. \*\*\* The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

## WHAT TO CONSIDER IF YOU INVEST IN FINLAND

### Strong Points

The country's strong points:

- Political stability
- A strategic geographic location between Scandinavia, Russia and the Northern European expanding markets
- A multilingual population
- One of the least corrupt countries in the world
- Expertise in green technology, manufacturing, health and the ICT industry
- An extremely industrialised economy, based mainly on the free market and with a high work productivity
- High spending in R&D
- High-end industries

### Weak Points

Finland's main weak points:

- Geographic vulnerability
- A decrease in industrial competitiveness
- Fragility of the banking sector (regional exposure, especially to Russia)
- A small internal market
- Ageing population
- Deterioration of the current account
- Large household debt

## Government Measures to Motivate or Restrict FDI

Finland does not discriminate between foreign and national companies. As such, support in the form of grants, loans, tax benefits, equity participation, guarantees, and employee training can be available to all firms. Subsidies for start-up companies are available for establishing and expanding business operations during the first two years of activity. Investment aid can be granted to companies in the regional development areas, especially SMEs (but also bigger companies in case of significant job creation). In order to promote foreign investment, the government has created a Team Finland network that serves as a one-stop shop for businesses.

## INVESTMENT OPPORTUNITIES

### The Key Sectors of the National Economy

Telecommunications, IT devices, information and communication technologies, renewable energies, software, environmental technologies, medical equipment, biotechnology, safety and security, travel and tourism services, development of Arctic natural resources, franchises.

### High Potential Sectors

Best franchising opportunities lie in underdeveloped areas of B2B services (such as personnel, building repair/maintenance, training and IT) and consumer services (cleaning services, interior design, nursing, etc.).

Telecommunications is a highly competitive sector which is growing quickly; as well as e-commerce. Finland also serves as an excellent gateway to the emerging computer software markets of Russia and the Baltic countries. The overall high level of public and private investment in biotechnology, infrastructure and technical know-how offer opportunities for foreign firms.

### Privatization Programmes

Finland has opened up electricity, gas, telecommunications postal and rail markets in recent years to meet EU requirements. Sales of direct holdings of the State totaled USD 1.72 billion from 2010 to 2019.

For constant updates on privatization programs, please refer to the official [Government ownership steering portal](#).

### Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders in Finland

[Ted - Tenders Electronic Daily](#), Business opportunities in EU 27

[DgMarket](#), Tenders Worldwide

## Sectors Where Investment Opportunities Are Fewer

### Monopolistic Sectors

The state-owned betting company [Veikkaus](#) has exclusive rights in the market for legal gambling services. The state also has a monopoly on the retail sale of alcoholic beverages.

The State can approve FDI in areas of vital national (defense and security) or strategic interest (energy, food supply or communications).

### Sectors in Decline

Agriculture

## **Finding Assistance For Further Information**

### **Investment Aid Agency**

[Invest in Finland](#) (official investment promotion agency for Finland)

[Findland Chamber of Commerce](#) (international network of the Finnish chambers of commerce)

[Finland's Centers for Economic Development, Transport, and the Environment \(ELY\)](#)

### **Other Useful Resources**

[Enterprise Finland](#)

[Finnavera](#) (financing company owned by the State of Finland)

[The Finnish Innovation Fund Sitra](#)

### **Doing Business Guides**

[Doing Business in Finland \(UHY\)](#)

[Finland - Market Overview](#) (The U.S. Department of Commerce)

[Doing business in Finland](#) (Thomson Reuters Practical Law)