



Governmental Action Plan on China

Ministry for Foreign
Affairs of Finland

Table of contents

Introduction	3
1 CHINA IN FINLAND’S FOREIGN POLICY	5
1.1 Finland’s cooperation with China is based on dialogue, continuity, coherence and values.....	5
1.2 Finland contributes to the common EU policy on China.....	6
1.3 Collaboration on China between like-minded countries is increasingly important	9
2 FINLAND’S APPROACH TO AND COOPERATION WITH CHINA.....	11
2.1 Foreign and security policy dialogue contributes to national goals	12
2.2 Aiming for a level playing field in commercial activities.....	14
2.3 Mobility, logistics and connectivity – cross-border skills and services	17
2.4 Multisectoral public sector cooperation is based on national strengths.....	20
2.4.1 Environment and climate.....	20
2.4.2 Food and natural resources.....	21
2.4.3 Education, research and innovation.....	21
2.4.4 Wellbeing and health	22
2.4.5 Justice and security.....	23
2.4.6 Culture, media and sport.....	24
3 THE OVERALL FRAMEWORK FOR FINLAND’S COOPERATION WITH CHINA	26
3.1 Political stability is a priority for China.....	26
3.2 China is solidifying its global position and striving for leadership.....	28
3.3 Great power competition and the technology race are challenging China.....	32
4 CONCLUSIONS	34



INTRODUCTION

The rise of China as a great power and the second largest global economy is one of the most significant developments affecting our international environment. China's increased international weight is based both on the size of its economy and its strong trade and economic links and partnerships around the world. China's growing political influence is also reflected in Finland, and it affects Finnish interests nationally, regionally and globally. China's security policy role indirectly affects Finland's national security environment. How China will use its international influence in the future, and how it is committed to the principles of multilateralism are also important questions for Finland.

Significant developments have also taken place within China. Increased economic prosperity, technological competitiveness and a higher education level have improved China's ability to increase its overall standard of living. These developments have also had consequences for economic structures, income disparity, an ageing population and the environment. Many global challenges also have a crucial impact on the wellbeing of future generations. China's efforts in recent years to develop clean technologies and tackle climate change are promising, but there is a long way to go: China still burns half the world's coal, and it is a major source of carbon emissions. Change will not happen overnight, but China's international commitments signal a clear direction that must be maintained and encouraged.

In recent decades, trade and economic interaction between Finland and China have been active and have brought significant benefits to both countries and their businesses. Demand for Finnish strengths and expertise is also likely to continue in the future. Faced with an increasingly competitive business environment, Finland should strive to sustain its level of education, technological edge and ability to provide innovative solutions. In the best-case scenario, China's development will also stimulate Finland's competitiveness. The value of cooperation will also be measured in how Finland can contribute – both bilaterally and as part of the European Union – to China's ability to tackle societal and global challenges.

Finland's Governmental Action Plan on China provides an overall assessment of Finland's relations and cooperation with China, their significance and future direction. It relies on the assumption that China's global importance will continue to grow. Maintaining an accurate and up-to-date situation analysis, as well as close



national coordination, are necessary for Finland when it continues its cooperation with China in a coherent manner, based on its principles and interests. Building on this foundation, Finland will continue to be an active member of the European Union, seek unity on issues within the EU's competence, and support the EU's messages and policies towards China.

The 2019 Joint Communication of the European Union "EU-China, A Strategic Outlook" and its multifaceted approach have proved accurate. This Action Plan is based on the same approach, assessing Finland's relationship with China in three dimensions – cooperation, competition and systemic rivalry. This multifaceted approach forms a balanced framework, which allows each approach to be weighed differently at different times.

The 2021 Action Plan on China was preceded by an Action Plan published in 2010 by the Ministry for Foreign Affairs. The latter was the first governmental programme on China. Similarly, this updated version is a result of collaboration between the Finnish ministries. The Action Plan on China aims to capture a shared and up-to-date overall view of China's key principles and practices; clarify Finland's principles of cooperation in its activities with China; and engage various Finnish interlocutors in this modus operandi. It also aims to enhance Finland's coherent and transparent approach in its collaboration with China and ensure its continuity.

The Action Plan forms a general framework for Finland's cooperation with China that is intended to stand the test of time. However, it may be updated or refined as necessary. The 2017 Joint Declaration on Cooperative Partnership between Finland and China and the 2019 Joint Action Plan on Promoting the Cooperative Partnership are closely linked to this Action Plan. The Government Programme, the Government Report on Finnish Foreign and Security Policy, the Government Report on EU Policy and other periodic reports to the Parliament of Finland constitute a broader framework for the Action Plan.

The Action Plan consists of three main chapters. First, it sets out the fundamentals of Finland's collaboration with China and the EU's approach to China. A chapter describing the government's cross-sectoral cooperation and activities with China follows. The overall operating environment that sets the parameters for Finnish activities and cooperation, either in China or globally, is described in the third chapter. Finally, conclusions with future prospects for cooperation between Finland and China are presented.



1 CHINA IN FINLAND'S FOREIGN POLICY

1.1 Finland's cooperation with China is based on dialogue, continuity, coherence and values

1. Finland was among the first Western countries to establish diplomatic relations with Communist China in 1950. The long history of relations provides a solid basis for cooperation. Sound and well-functioning relations between the two countries focus on the trade and economic sector. Overall cooperation is broad, covering topics such as the rule of law and sustainable development, equality and equity, as well as issues and solutions related to climate and the environment.

2. To strengthen cooperation, Finland and China agreed on a bilateral partnership¹ in 2017, including the establishment of a committee to promote innovative business activities between Finnish and Chinese companies. In 2019, the two parties published an implementation plan² for the partnership to advance concrete cooperation. Long-term cooperation between the two countries has been fostered in specific fields such as winter sports. Collaboration between the Finnish and Chinese governments is active and well established. Relative to the size of its economy, Finland has been successful in its cooperation with China.

3. Finland's China policy is characterised by consistency and continuity. Regular communication between heads of state and members of government is a key objective that aims to convey Finland's positions and engage in dialogue on bilateral and multilateral issues based on Finland's interests and values. The predictability and stability of bilateral relations are also important for China, and high-level visits continue to play an important role.

¹ Joint Declaration between the Republic of Finland and the People's Republic of China on Establishing and Promoting the future-oriented new-type cooperative partnership, 2017.

² Joint Action Plan between China and Finland on *Promoting the Future-oriented New-type Cooperative Partnership 2019-2023*.



4. The policy choices made by China and the direction of its development are also relevant for Finland. How China uses its growing international influence also affects Finland's operating environment. Finland is concerned about China's policy choices that challenge the principles of international law, the UN Charter and universal values. Finland seeks to encourage China to play a responsible role internationally and provide solutions to significant global challenges.

5. The European Union is the main reference framework for Finland's external relations, and Finland contributes to strengthening the EU's global role and influence. As a member of the EU, Finland is building a coherent China policy that promotes the values and interests that are important for Europe. Differences in political systems and the lack of common values cause friction in both bilateral and EU-China relations. Concerns regarding developments in China's business environment and structural barriers to trade are also widely shared outside the EU.

6. The tightening political climate and weakening human rights situation in China, as well as increased influence and intelligence activities, also affect Finland's cooperation with China, limiting its potential. Despite the sound and stable political relations, Finland is not shielded from the bilateral political problems or collateral damage caused by strained international relations. Finland considers it important to maintain dialogue and openly address any disagreements and difficult issues. Occasional tensions in relations are addressed in a solution-oriented manner in the spirit of dialogue, continuity and consistency.

7. Finland is interested in and in a good position to continue developing bilateral cooperation with China. This will be done consistently, on the basis of Finland's values and priorities. The development of new forms of cooperation calls for a proactive approach, solid internal coordination and the ability to make use of emerging opportunities.

1.2 Finland contributes to the common EU policy on China

8. The European Union and China established diplomatic relations in 1975. The relationship was upgraded to a strategic partnership in 2003. Cooperation has deepened and broadened in a wide range of areas. The EU and China now have almost 70 regular bilateral dialogues. The leaders of the EU and China meet at an annual summit, complemented by high-level economic dialogue, human rights



dialogue and people-to-people dialogue. High-level dialogues on climate change and on digitalisation were established in the spring of 2020.

9. The EU and China are significant trading partners. Interdependence has increased: for a growing number of European companies, China is not only an important base for manufacturing, but also a key market where presence is essential.

10. The EU's assessment of China is based on a joint approach by the Commission and the EU High Representative which describes China as simultaneously a cooperation and negotiation partner, an economic competitor and a systemic rival. This multifaceted approach reflects China's rapidly growing economic and technological power and ideological differences. While cooperation remains essential, the EU is seeking a more balanced relationship with China that draws on the full range of policies to achieve the EU's objectives: the Common Foreign and Security Policy objectives are closely linked with other policy areas, from trade policy to competition and industrial policies.

11. Finland promotes the EU's objective of a strong and coherent China policy that also takes the interests of smaller Member States into account. It is important that Member States and the EU institutions maintain a shared awareness and improve the Union's resilience. Unity and the ability to make decisions, as well as the Member States' adherence to jointly adopted policies, are prerequisites for a balanced EU-China relationship. They enable joint action and effectiveness based on shared values, and provide a shield from disproportionate countermeasures. The cooperation between China and Central and Eastern European countries as well as countries in the Western Balkans exemplifies a partnership model that China has adopted to gain a foothold within the EU and in its neighbourhood. Tight-knit bilateral relations between some Member States and China have at times tested the coherence of the EU's China policy. Beyond this group of countries, the EU is also monitoring China's activities in its immediate neighbourhood, such as the Western Balkans and the Eastern Neighbourhood.

12. The EU pursues a level playing field in its economic cooperation with China. State-controlled parts of the economy, barriers to market access and an unpredictable business environment reinforce China's competitive advantage over foreign players; Chinese companies do not face similar obstacles in the EU's open internal market. These issues should be addressed within the framework of the World Trade Organization (WTO) by developing trade rules and strengthening the rules-based trading system. China has significantly benefited from its WTO



membership, and it is likely that the organisation will remain important to China. Consequently, it is essential for the EU to involve China in WTO reform. An EU-China comprehensive agreement on investment (CAI), should it be ratified, would be key to balancing the trade and investment relationship. The negotiation of a free trade agreement (FTA) is not timely in the current circumstances.

13. Especially in matters of economic security, a joint reference group is important for both Finland and other EU countries. Regarding the regulation of company acquisitions, investment, critical infrastructure and cyber security, it is essential that the EU share a common situation analysis and tools to address the lack of reciprocity and prevent any associated security risks.

14. The transatlantic relationship is reflected in the EU's China policy. Increasing tensions between the great powers have underlined the importance of the EU's China policy, which adheres to and serves the EU's interests. The EU-US dialogue on China aims to maintain a joint and up-to-date assessment of the situation, and to identify and advance common objectives. The dialogue strengthens the transatlantic connection and provides more opportunities to jointly address global problems. It is necessary to work together in line with our shared values to address a range of global governance issues such as technology regulation, and global challenges such as climate change. A close dialogue may also help prevent the potentially adverse effects of the great power policies on national interlocutors. It is therefore important to maintain Member States' influence on the agenda of the transatlantic dialogue on China.

15. Broad-based partnerships and a strategic approach on Asia make it possible for the EU to provide value-based alternatives and sustainable approaches to countries in the region. The EU's connectivity strategy, published in 2018, and the 2021 Indo-Pacific strategy also offer interesting opportunities for Finland to tap the potential and deepen partnerships with the region's fast-growing economies. They also provide means to promote sustainability and transparency of, for example, infrastructure investments and financing. The most efficient way for Finland to influence these issues is within the EU framework.



1.3 Collaboration on China between like-minded countries is increasingly important

16. In addition to the EU, the Nordic and Baltic countries are an especially important reference group for Finland, including in matters related to China. The Nordic countries share many similarities in their China policies. Each Nordic country has adopted a pragmatic approach to promoting areas of cooperation according to its own areas of strength – for example, in trade, climate and environmental issues. China’s growing role and intensifying geopolitical competition in the Arctic are raising concern in all Nordic countries. Most Nordic countries have felt pressure due to their decisions on dealing with China’s human rights and national interests. The Nordic countries consider human rights important questions of security and values that they are willing to defend.

17. The Nordic countries also compete with one another in the Chinese market. It is important for them to preserve a certain latitude in their national approaches. All Nordic countries share an interest in genuinely reciprocal market access, free trade, a multilateral system and a rules-based international order. The common themes that provide opportunities for Nordic cooperation in third markets are climate, environment and sustainable development.

18. Finland considers it important to monitor and analyse China’s activities in our immediate neighbourhood, safeguard security and stability, and prevent the increase of geopolitical tensions in regions such as the Arctic and the Baltic Sea. The Nordic countries have reservations about China’s interest in establishing country groups and formations of cooperation of both EU and non-EU countries.

19. Finland also actively seeks to strengthen dialogue on China with like-minded countries outside the Nordic countries and the EU. Transatlantic cooperation is becoming more important.

20. Finland also follows China’s activities in China’s own neighbourhood, in which China has active or latent border and maritime claims or disputes with many of its neighbours. Finland supports the resolution of territorial disputes in accordance with international law. Finland endorses the EU partnerships with like-minded countries in the region and closely monitors the emergence of regional security



cooperation. The dialogue with ASEAN, the Association of Southeast Asian Nations, is also important.



2 FINLAND'S APPROACH TO AND COOPERATION WITH CHINA

1. Cooperation with China is based on Finland's interests, good premises, and the need to develop exchanges and activities in various sectors vis-à-vis China. At state level, Finland consistently enhances good relations and constructive dialogue with China based on our values. Sound relations between the two countries create a solid basis for multisectoral, pragmatic cooperation between both private and public sector interlocutors. The growing global importance of China will continue to have an impact on Finland's cooperation with China. At the same time, Finland closely follows the stability and predictability of the operating environment in China. The strengthening nationalist overtones in China since the 2010s and the emerging confrontation between the great powers have further contributed to this.

2. Strong diplomatic representation in China benefits Finnish interests. Finnish diplomatic missions (Beijing, Shanghai, Hong Kong) monitor the developments in Chinese society and political decision-making. Finland also engages in discussions with the Chinese authorities at various levels, both in Finland and China. Dialogue and reciprocal visits at the highest political level (state leaders and ministers) add political weight and secure continuity in bilateral relations, and help promote new initiatives. The role of China in Team Finland activities continues to grow. Among Team Finland networks globally, the Team Finland network in China is exceptionally comprehensive. A significant number of Finnish companies are present in China, and the business councils representing them maintain close contact with the government.

3. Finland's technological development, business-friendly environment and Arctic expertise draw China to advance its cooperation with Finland. Finland can offer examples and practical solutions in the fields of social development and equality, governance, environment and sustainable development that China can consider in developing its own society.

4. China will continue to be a key market for the promotion of Finnish strengths and interests. The ecosystem that has developed in China over the decades has been proved to work for many businesses. With the companies, the Team Finland network helps to maintain an up-to-date situational analysis of developments in the Chinese business environment, promote our business interests in China and



investments between the two countries. Cooperation in both the public and private sectors is supported.

5. The EU and Finland are committed to their One China policy. They recognise that the People's Republic of China represents China and do not maintain official relations with Taiwan. Finland considers the peaceful development of relations across the Taiwan Strait crucial. Like other EU Member States and peer countries, Finland considers Taiwan an important Asian economy with a functioning democracy and shared values, and it is therefore natural to promote areas such as the economy, trade, education, culture, science, technology, welfare and health. Finland engages in bilateral activities with Taiwan in these areas and in doing so, does not take a position on Taiwan's international status. In line with the EU, Finland also supports Taiwan's meaningful participation in international organisations, which benefits the international community as a whole.

2.1 Foreign and security policy dialogue contributes to national goals

6. Along with China's economic growth, its political weight has grown significantly in the 21st century. As a great power and a permanent member of the UN Security Council, China is a significant player in all global issues. In regional and global security questions, it collaborates with Russia, another permanent member of the UNSC. It is important for Finland to be aware of China's positions and activities, and support China's participation in the work of the UN as a responsible member state that respects international law.

7. Within the framework of bilateral foreign and security policy and economic cooperation, Finland and China hold a regular high-level dialogue on both thematic issues and current regional and international affairs. Frequent discussions regarding external economic relations concern the development of the economy and trade, business environment and a level playing field.

8. Environmental and climate issues have emerged among the essential hard security issues of international politics. Countering climate change and promoting global health security and sustainable development are key objectives for Finland. Closely related to these are topics such as development and migration, education,



equality and equity. These themes also frequently emerge in the foreign policy discussion agenda between Finland and China.

9. Finnish foreign and security policy is based on human rights. This means that Finland closely evaluates its foreign and security policy actions from the perspective of their impact on human rights. Finland closely monitors the development of the human rights situation in China, and raises its legitimate concerns regarding human rights bilaterally, as part of the EU and in international fora, in close cooperation with its own reference group. Serious human rights violations can also be addressed through the EU Global Human Rights Sanctions Regime.

10. Finland follows China's actions and policies in respect of human rights. The situation of China's ethnic minorities such as the Tibetans and Uyghurs is among the key concerns for Finland and the EU. Finland expects all countries to fulfil their international human rights obligations. China's compliance with the Basic Law of the Hong Kong Special Administrative Region and with its international commitments is an essential condition for the realisation of both the fundamental rights and human rights of residents of the HKSAR. Monitoring censorship of the media, the internet, print publications and academic research, and the freedom of civil society activities in China, as well as supporting human rights defenders, are also key issues for Finland.

11. For Finland, multilateral cooperation entails a commitment to universal values, international law and a rules-based international order centred on the UN and its three pillars: peace and security; development; and human rights. Multilateralism also provides a forum for international diplomatic advocacy in which Finland plays an active and solution-oriented role.

12. Finland actively seeks to strengthen universal values in international organisations and country formations. It is essential to ensure that the value base of multilateral cooperation and the international order is not undermined. Finland strives to ensure that the UN system is provided with sufficient resources to promote human rights and health security, among other issues.

13. Finland works to promote universal human rights and opposes interpretations that seek to undermine human rights norms or their implementation, as well as attempts to weaken the role of international law through e.g. treaty monitoring bodies and other human rights bodies.



14. Finland is committed to cooperation with China to achieve the 2030 Agenda goals. Implementation of sustainable development is a key issue in bilateral dialogue with China. Finland also pays attention to changes in China's development policy profile and engages in discussions with Chinese development policy experts. In addition, Finland seeks to contribute to the promotion of sustainable development, social and societal equality, and poverty eradication in third countries.

15. Finland emphasises principled humanitarian action, respect for international humanitarian law and the importance of flexible global funding. China has become an active humanitarian aid donor in recent years, and this development should be encouraged, emphasising principled aid and multilateral funding.

16. Finland actively participates in multilateral negotiations on arms control and the non-proliferation of weapons of mass destruction. The build-up of China's military capabilities has made it important to involve China in the international arms control mechanisms. It is possible that antagonism between China and the US will aggravate relations in questions such as nuclear weapons and missiles. The bilateral dialogue between the Foreign Ministries in Finland and China on arms control aims to increase understanding of China's views, boost dialogue in multilateral fora and identify solutions for international arms control.

2.2 Aiming for a level playing field in commercial activities

17. Bilateral trade and economic relations between Finland and China are diverse and based on extensive cooperation between both governmental actors and businesses. China is one of Finland's most important economic partners outside the European Union, measured by foreign trade, investment, the establishment of businesses abroad and supply chains. A significant share of the turnover of large Finnish global companies comes from Asian markets, especially China. A growing share of Finnish exports to China consists of raw materials or intermediate products. At the same time, high demand persists for Finnish high-tech products and related expertise in China.

18. The Chinese market offers many business opportunities for Finnish companies. However, China's economic policies, which emphasise self-sufficiency, market regulation, market access restrictions and differences in *modi operandi* pose



significant challenges for businesses. Preconditions for market access are not reciprocal; the differences in company size and resources are considerable, and for some partners, commitment to implementation of projects is difficult. Some joint projects may involve expertise and technology transfer. In recent years, China has become an increasingly significant competitor for Finland and other European companies in global markets. Finland enhances the EU's objective of preserving businesses' intellectual property rights. China's IPR legislation has developed in recent years, but local implementation and supervision are not always sufficient.

19. Finland's goal in both bilateral relations and EU-China relations is to promote trade and investment and create conditions for businesses that are as fair and equal as possible in China: to improve the business opportunities of foreign companies, remove trade barriers and prevent the negative impact of competition-distorting policies. Addressing market barriers and solving the problems encountered by businesses call for joint action by ministries and business. Finland and China have regular dialogue at ministerial and working level in many areas of trade and economic activity. Through dialogue, Finland supports the joint EU efforts to advance EU-China trade and investment relations. Dialogue also boosts Finland's cooperation with China and aims to resolve bilateral issues.

20. It is important for companies and other Finnish interlocutors to be mindful of the changes in China's politics, society and economic development, and the business environment that may have an effect on them. It is advisable to take note of differences in values, political risks related to cooperation and the danger of economic dependence. It is essential to avoid structures and practices in collaboration that could limit the room of manoeuvre.

21. Finland supports companies in seeking to expand their business activities in China and with Chinese companies. Finland also promotes the internationalisation of companies and their foreign exports. Finland's reputation as a highly skilled labour hub not only serves business opportunities, but also the internationalisation of Finnish education and research, and the enticement of investment in Finland. Team Finland activities emphasise market and business orientation, and focus on the internationalisation of SMEs.

22. Finland promotes responsible business conduct on the basis of UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. It is expected that companies have robust risk management processes in place for addressing sustainability and human rights



issues. The EU Commission is currently drafting a legislative proposal to impose due diligence obligations on companies.

23. The cornerstone of bilateral economic cooperation between Finland and China is the European Union's trade policy, which aims to create a fairer and more stable business environment. This includes efforts to improve conditions for market access, fair regulation and sustainable development. The EU is tackling unfair practices through trade defence instruments, foreign investment screening, reciprocity in public procurement and addressing distortive practices in the Union's internal market caused by state subsidies. The EU-China investment agreement could contribute to a more level playing field. If ratified and implemented, it would apply to areas such as market access, regulation and sustainable development. The EU and Finland also aim to jointly boost the defence and reform of the multilateral trading system. Supporting the rules-based trading system and the World Trade Organization (WTO) are of key importance for Finland.

24. Energy cooperation aims to engage China in its international climate commitments, support China's investments in renewable energy, and energy-efficient and flexible solutions, as well as promote energy technology exports to China. Finland's expertise and offering in efficient and clean energy systems provide a sound basis for this cooperation. Market access and large-scale projects require close cooperation between authorities, export promotion and energy experts. Engagement with the EU-China Energy Dialogue and other international cooperation platforms is also important.

25. Finland welcomes foreign investment and acquisitions that are capable of contributing to greater expertise and employment in Finland, as well as the better performance of the Finnish economy. Due to the dominant role of the state in Chinese enterprises, it is necessary to distinguish between market-driven and state-governed partners, projects and transactions. Finland monitors and evaluates security risks associated with foreign investments to preserve both its national security and foreign and security policy objectives. European Union regulation has created a new cooperation mechanism for foreign investment screening. Finland closely monitors company acquisitions that are significant for Finland's security and real estate purchases made from outside the EU and EEA area. Risk management related to foreign investments is an important component of the Finnish security of supply system.

26. Global interdependence means that China's role in the global value chains for goods, services and technologies has grown significantly. Finland seeks to avoid



harmful strategic dependencies. This is especially important for products critical to security of supply (e.g. pharmaceuticals and rare earths). The integration of Chinese civilian and military institutions is a major challenge from the perspective of export control.

27. Foreign company acquisitions that may involve security risks need to be systematically monitored. Companies should be prepared for unexpected ownership changes, notwithstanding the buyer's country of registration. In a constantly evolving security environment, cooperation based on the investment screening mechanism and exchange of information with other like-minded countries remains essential. The sufficiency and quality of the screening instruments must be regularly evaluated.

28. Cooperation with China is likely to strengthen Finland's expertise in high-technology engineering. At the same time, the identification and management of risks is necessary. Cooperation parties should remain mindful when selecting areas of cooperation with a foreign partner. Since the competition between the great powers is likely to continue, the EU's transatlantic cooperation and the development of relations between the United States and China may increasingly affect Finland and Finnish companies. China's policies, such as growing self-sufficiency in production, may have an impact on the extent to which companies can engage in technology cooperation with both superpowers. It remains necessary to evaluate China's growing role in the development of technology and standardisation from the security policy perspective. Particular attention must be paid to cybersecurity and disruptive technologies. The EU aims to improve cyber security through both technology innovation and strategic action.

2.3 Mobility, logistics and connectivity – cross-border skills and services

29. China is a major player in international mobility. Tourists, students, experts and company representatives from China are important for Finland. The future development of mobility depends on Finland's objectives and priorities, which may significantly boost Chinese immigration to Finland, for example. The number of Chinese citizens entering Finland with a residence permit has increased each year.

30. Bilateral and EU-level cooperation with China in international mobility issues is challenging. China has not been particularly willing to engage in a dialogue with



the EU on entry issues, nor has it been prepared to take into account EU views in defining its own entry restrictions or reciprocity objectives. These issues have arisen especially during the COVID-19 pandemic. Finland considers it important to continue cooperation with China, but at the same time, it expects greater reciprocity from China.

31. The number of visa applications from China has steadily increased in recent years, and the numbers are expected to continue to grow. Finland's smooth and reliable visa services and active marketing of Finland as a tourist destination have contributed to the success and growth of the Finnish-Chinese tourism industry. In developing visa services, the capability of preventing human trafficking and illegal entry is also important. Promoting border security and preventing illegal immigration are essential for Finland.

32. In addition to income from tourism, the growth in service exports can contribute to the restructuring of the Finnish economy and balance the deficit in trade in goods between Finland and China. While capitalising on the strong growth in Chinese outbound tourism, it is important to avoid over-reliance on the Chinese market and to build a sustainable growth model that promotes individual tourism.

33. Direct and regular flights between Finland and China started in 1989. In normal circumstances, Finnair operates flights to seven destinations in China. The liberalisation of air traffic between Finland and China, a high level of flight safety and the reduction of the environmental impacts of air traffic are important objectives for Finland. The EU-China Air Safety Agreement and the Horizontal Air Transport Agreement, signed in 2019, will improve the possibilities for airlines to offer connections between the EU and China.

34. The digitalisation of manufacturing and the rapidly developing market for digital services make China an important testing ground for new technologies. It is important for Finland to create opportunities to develop smooth and digitally driven international transport hubs to improve logistics and strengthen Finland's central location.

35. Finland promotes the transition to sustainable, environmentally friendly and digitalised maritime and land transport logistics solutions, with the aim of integrating transport systems and logistics chains. There is particular interest in increasing rail traffic from Finland to China and the rest of Asia via Russia or Kazakhstan as an ecological and faster alternative to shipping. Digital information exchange, including that with customs and border authorities at transport hubs and



border crossing points, will be a key element in this development. Real-time geographical information is essential for ensuring security of supply.

36. Finland's aim is to commit China to reducing global emissions from shipping and aviation, both within the International Maritime Organization (IMO) and through the Civil Aviation Organization (ICAO) Emissions Trading Scheme.

37. Finland aims to strengthen the EU's Arctic policy and Arctic cooperation, with a focus on climate change mitigation and reducing China's black carbon emissions. Finland will also promote opportunities for Finnish industries' "cold knowhow" products and services and the protection of the delicate natural environment of the Arctic. The European core transport networks (TEN-T) are centrally and broadly linked to Arctic cooperation issues.

38. Following its observer status in the Arctic Council, China's interest in Arctic issues has significantly increased. Scientific research, the mapping of the region's natural resources, plans for transport routes and port infrastructure in the region, and investment studies have all been taken into account in the Arctic region at large. China's efforts to increase its Arctic presence also add to the need for an accompanying security policy assessment.

39. In addition to the Arctic, China is also a major player in the Antarctic and like Finland, a member of the Antarctic Treaty. It is important for Finland to follow and understand China's objectives in both Polar regions and seek cooperation in key areas such as climate change.

40. Finland pays attention to China's efforts to build China-centric institutions and networks through its economic partnerships (e.g. the Belt and Road Initiative, BRI) and their implications for the existing international rules-based system. As part of the EU, Finland promotes synergies between the BRI and the EU's Connectivity Strategy on the basis of the principle of sustainability. Finland also supports the participation of its companies in tendering procedures, for example, via cooperation projects, and contributes to the promotion of transparency, environmental friendliness, sustainable development and working conditions in the target region. Finland does not commit itself politically to China's Belt and Road Initiative.



2.4 Multisectoral public sector cooperation is based on national strengths

2.4.1 Environment and climate

41. Several international climate studies indicate that China's CO₂ emissions are already more than a quarter of the total global emissions. The main reasons for the rapid growth in emissions in recent years are the increased use of coal in energy production, the construction of new coal-fired power plants and the strong growth of the construction industry after the coronavirus pandemic. However, China has also set ambitious goals both to improve the state of its environment and to address global climate issues. The environment and climate are also key issues in cooperation between Finland and China. The promotion of the circular economy, the maintenance of biodiversity and the reduction of water pollution are also at the heart of international environmental cooperation.

42. Finland is strongly committed to multilateral rules-based environmental cooperation and contributes to the realisation of the EU's common objectives in multilateral international negotiations and processes. China has announced a target of achieving carbon neutrality by 2060. To contribute to this goal, Finland will share its experience and market-proven Finnish solutions with China. Finland, like other EU Member States, will promote the reorientation of China's own stimulus mechanisms for projects that enhance sustainability. China is one of the main targets of EU climate diplomacy. Finland also cooperates with China on climate matters in the framework of the Nordic Build Back Better and Greener initiative.

43. In its bilateral cooperation with China, Finland aims to promote the objectives of Finnish companies, universities and research institutes in various areas, including the improvement of air quality. In the construction sector, the focus will be on solutions for smart cities. Long-term cooperation in developing the quality of environmental measurements is one of the ways to remove market barriers. There are good opportunities in the development of circular economy cooperation.



2.4.2 Food and natural resources

44. Food security is a key objective for China. Finland is building the basis for agricultural trade through research and development platform cooperation focusing on specific issues. The food sector aims to increase exports of Finnish food products produced in a controlled food chain to China and to improve the profitability of Finnish production. China has become the second most important destination for Finnish food exports. With other EU Member States, Finland is working to address key and long-standing food export problems in the Chinese market, such as protectionism and slow market access procedures. The COVID-19 pandemic has also had a significant impact on the smooth flow of food exports. In addition to cooperation between customs and border authorities, it will be crucial to reach an agreement on food transport to China by rail and on the transit conditions through Russia and Kazakhstan.

45. China has made a concerted afforestation effort, almost doubling its forest area in the last four decades. Cooperation between Finland and China in the forestry sector focuses on both the organisation of private forestry and state forestry, with the aim of creating a favourable investment environment for the Finnish forest industry in China on one hand, and promoting trade and access to Finland for Chinese investment on the other. Forest cooperation also includes cooperation in national parks and in the protection of giant pandas. Finland also aims to contribute to the state of the environment and society, and to the implementation of the Sustainable Development Goals (SDGs) through sustainable use and management of natural resources as well as through the bio economy, digitalisation solutions and research cooperation.

46. Finland is a member of the China-Europe Water Platform (CEWP), which aims to promote, in addition to bilateral cooperation, EU-China water cooperation at a political level, and in research and innovation, and business. The shared ambition of the EU and China is to contribute to the implementation of the Sustainable Development Goal (SDG 6) on water and sanitation.

2.4.3 Education, research and innovation

47. Finland will monitor the development of education, research and innovation in China, build partnerships and promote the transfer of technological expertise from China to Finland, especially in areas where China is a pioneer. In bilateral S&T and innovation cooperation, priorities to be promoted are defined through cross-



sectoral cooperation based on national strengths and interests. We also attach importance to improving cybersecurity to protect the intellectual capital and innovations of Finnish companies.

48. Finland has stepped up its efforts in higher education and research cooperation with Chinese actors. For example, cooperation in the field of universities of applied sciences and teacher training may offer interesting opportunities in the future. Education specialists serving in Finnish missions support cooperation in education and science, and provide analysis of the Chinese operating and business environment. Close contacts between the authorities promotes cooperation between the two countries. Bilateral innovation cooperation agreements support joint projects both at state level and with selected provinces.

49. In addition to restrictions to the principles of open science, the specific disadvantages and risks in the Chinese operating and business environment include restrictions to the use of data with intellectual rights and restrictions to the use of information networks. It is also essential to be prepared for intelligence risks, the impact of technological superpower competition and to conduct research, development and innovation (RDI) cooperation with China in a way that protects academic and European values, principles and practices. RDI cooperation must ensure reciprocity and fairness to the mutual benefit of both parties. China's technological advances, its funding of collaborative research and its important commercial markets make cooperation attractive. At the same time, collaborative research funding and technology transfers benefit China's global position. Cooperation in sensitive areas of cutting-edge research may limit opportunities for cooperation with other countries.

50. Finland actively participates in the coordination of EU RDI policy and in the EU-China Science, Technology and Innovation Roadmap negotiations under the leadership of the Commission. Ensuring coherence between bilateral and EU-level cooperation is important for the effectiveness of activities and funding.

2.4.4 Wellbeing and health

51. The Chinese health and social sector is a major player with a long-term impact that requires multidimensional understanding. There is potential for bilateral cooperation in addressing public health problems, health promotion, and research and other cooperation on non-communicable diseases such as cancer.



52. In multilateral cooperation, China is a key player in tackling major health threats (epidemics and pandemics, antimicrobial resistance and climate change). China's willingness to cooperate and openness to sharing information and evidence is crucial. Finland considers it important that the origin of the COVID-19 pandemic be investigated through international scientific cooperation. The rapid development of digital tools and the reorganisation of production chains caused by international tension may have an impact on the production of medicines, among other things. The use of health and wellbeing data and the development of artificial intelligence in China will require monitoring.

53. Finland's high level of expertise in health technology offers solutions for diabetes, care for the elderly and support for living at home. China's importance as a focus for Team Finland activities is also growing in health technology. Finland sees opportunities for closer cooperation in the field of social innovation.

2.4.5 Justice and security

54. Finland supports the development of the rule of law in China and the building of its legal system. Since the mid-1990s, Finland has contributed to the structural reforms of China's judicial system, including the development of the legal aid system, access to judicial services and the introduction of alternative criminal sanctions. In addition, there has also been inter-judicial cooperation between the Supreme Courts.

55. The aim of judicial cooperation is to influence Chinese legal thinking, Chinese legislation and the functioning of the legal system, as well as the legal and ethical choices made in China. Judicial cooperation provides a channel for promoting Finland's core principles in China. The cooperation provides a practical opportunity to discuss topical issues in China in a solution-oriented manner at different levels of government.

56. Finland is concerned about the direction and priorities of China's rule of law development in recent years. China's political system and the leadership position of the party significantly limit the development of an independent and transparent judicial system. The instrumentality of the law and the politicisation of judicial processes are causing serious problems in Chinese society. Despite the professionalisation of the actors within the judicial system, the state controls the activities of lawyers, and the courts and judiciary are not empowered to judge the legality of the actions of the party and the central government. The possibility of



politically motivated arrests and restrictions to freedom undermines the security and predictability of the Chinese operating and business environment.

57. Finland is following China's participation in international cooperation in the fight against serious and organised crime and cybercrime. The differences of opinion between the EU and China on these issues are significant and require an in-depth exchange of information and influencing. The guiding principles for global police and security cooperation defined within the UN framework are central in this regard.

58. Multilateral cooperation between the authorities is being developed, including through the EU's policy cycle against organised crime (EMPACT). Cooperation with China is important in the fight against cybercrime, human trafficking and drug-related crimes.

2.4.6 Culture, media and sport

59. Finland considers it important to strengthen dialogue and increase cooperation with China in the field of culture and the media. Cooperation in the form of co-production agreements in film and television is key to strengthening Finland's competitiveness in the audio-visual sector. Finland's objective is to strengthen commercially viable audio-visual activities.

60. The international development of the digital copyright infrastructure, for example via the World Intellectual Property Organization (WIPO), can increase cooperation between creative industries, including between Finland and China, and facilitate access to the Chinese market for Finnish music and other creative content producers.

61. The serious problems related to the human rights situation and the development of the rule of law in China are also reflected in the censorship and self-censorship of Finnish cultural content and online communication in China. However, cooperation in the field of culture, whether cultural exchange or business, is desirable from the perspective of cultural interaction.

62. Resources for promoting Finnish culture in China are limited. Finnish missions in China do not have a separate cultural officer; nor is there a Finnish Cultural Institute in the country, unlike in most key partner countries.



63. China is one of the most important target countries for Finland's nation branding work. A good nation brand also contributes to other objectives. Through its country branding projects, Finland can promote its values and key messages. There are concerns about the deteriorating working conditions for Finnish and international media in China. The number of foreign journalists in China has fallen significantly in recent years due to accreditation problems.

64. Finland also promotes the export of winter sports expertise to China through both material and immaterial cooperation. The growing winter sports market is of particular interest to Finnish entrepreneurs and operators.



3 THE OVERALL FRAMEWORK FOR FINLAND'S COOPERATION WITH CHINA

3.1 Political stability is a priority for China

1. The Communist Party has led the People's Republic of China since 1949. The party's main objectives are to guarantee the stability of the political system, realise the country's national interests and strengthen China's international role. The objectives of the government are united with those of the party, and the party has direct authority over the structure and functioning of the state's economy. The party's power is centralised in the hands of its Secretary General (President) at the core and the Politburo Standing Committee. Society is largely governed by the party's policies. China's foreign and security policy accomplishes the objectives of the leadership regarding the consolidation of China's international role and contributes for its part to continuity within the party and of the political system.

2. The development of technology and cyber capabilities in society and the increase of national security legislation enhance the state's ability to monitor and steer society in a desired direction. At the same time, political oversight and surveillance limit media freedom, political participation, and narrow the space for civil society.

3. In recent years, common and internationally shared values, and what is considered Western influence, have been consistently eliminated from Chinese society. The state's political, cultural and economic influence has been engaged in shaping China's media reporting and public image. China's tightened stance has weakened the ability of the international media to report in China; the capability of the Finnish media to produce and convey up-to-date and diverse reporting from China has also suffered. Of particular importance for China is the defence of its national interests, its sovereignty, and political and territorial integrity. China considers e.g. Hong Kong, Taiwan, Tibet, Xinjiang and its territorial claims to the South China Sea its core interests.



4. Rapid economic and social developments have called for reforms of legislation, the legal system and legal principles. The “rule of law with Chinese characteristics” and “governing the country according to the law” emphasise the use of law and justice as an instrument of policy and administration (rule by law), and the difference from the Western concept of the rule of law. This means in practice that the party is above the law in supervising the legislative, executive and judicial branches of government.

5. The Chinese conceptualisation of human rights emphasises economic and social rights over civil and political rights, as well as collective goals and social stability over individual rights. China does not recognise the universality of human rights. Instead, China considers that specific characteristics of the social system, culture and development must be taken into account in the implementation of human rights. In many ways, China has succeeded in improving the economic and social wellbeing of its citizens and in reducing poverty. However, this development has been uneven and raised disparities.

6. Contrary to most Western countries, China does not impose human rights conditions on loans or development aid. In international organisations, notably UN human rights fora, China seeks to challenge the universality of human rights.

7. Among others, the Office of the UN High Commissioner for Human Rights has repeatedly drawn attention to serious violations of fundamental and human rights in China, including the integrity of the person, freedoms of expression, association, assembly and religion, and the rights of minorities, women and girls. Capital punishment is still widely in use. The treatment of lawyers and human rights defenders has also received international attention.

8. China has ratified only some of the most important conventions of the International Labour Organization (ILO). China has not ratified the conventions on the abolition of forced labour, the freedom of association and collective bargaining. According to various assessments, the measures taken against ethnic minorities are chiefly aimed at controlling the religion, culture and traditional way of life of Tibetans and Uyghur Muslims, and at the assimilation of their populations in the main population. China justifies the existence of the re-education centres in Xinjiang by the need to combat separatism, religious radicalism and terrorism.

9. Several national and public security laws provide for a wide-ranging interpretation to justify the use of coercive practices. These include the new Armed Police Force Law, the Criminal Procedure Law, the Cybersecurity Law, the National



Security Law, the Counter-espionage Law, and regulations on religious matters. The National Security Law enacted by the Chinese National People's Congress for the Hong Kong Special Administrative Region (HKSAR) have increased both China's formal decision-making and executive powers in Hong Kong and its political leverage for achieving its objectives.

10. China's tightening political stance is reflected in its activities with foreign countries. Political and economic pressure is being exerted on countries or companies that China judges to have hurt its interests, particularly on issues it considers its core interests. Financial support may also be conditional on supporting positions deemed important by China. The economic dependence of countries and companies on China may cause self-censorship for fear of pressure or retaliation.

11. China considers its human rights policy to be legitimate, and neither public criticism from the West nor bilateral human rights dialogues have had a significant positive impact on changing Chinese practices. At best, they may have had a slightly moderating effect. In some individual cases, the EU or its Member States have been able to support the departure of human rights defenders or their family members from China, for example.

12. The increasingly difficult human rights situation in China and growing international attention have given human rights issues a more prominent role in the Finnish and EU agenda with China. Reputational risks and ethical conflicts faced by companies have emerged recently, particularly in questions related to labour rights, high technology, and human rights more generally. EU citizens have also been subjected to human rights violations and coercive measures in China.

3.2 China is solidifying its global position and striving for leadership

13. Alongside the United States, China is the second great power of the 21st century in terms of its economic and political performance, as well as its military capabilities. China has made determined efforts to establish itself as the world's leading power, challenging the United States and its allies, and countering their attempts to balance the scales. China's domestic policy objectives also strongly



determine its foreign policy, and the great power competition has driven it further in a more confrontational direction that is hard to predict. In turn, this increases the political risks faced by businesses.

14. China's position in international politics is defined not only by the size of its economy but its strong position in international organisations, notably the UN. Its significant financial contributions, influential relations with developing countries and leadership positions in international organisations give China a greater say in multilateral cooperation.

15. China is one of the world's nuclear powers. Efforts have been made to invite China to join the international nuclear arms control agreements. A vigorous modernisation of the People's Liberation Army has bridged the gap with the US in terms of military advantage, which remains considerable. China's neighbours will have taken note of China's growing military power in the region – including aircraft carriers, nuclear-powered submarines, one of the world's strongest air forces and an arsenal of medium-range missiles. China's increased military build-up and activity in its neighbouring regions such as the South China Sea is also increasing international concern. China is also among the world's largest arms exporters.

16. Although China is still subject to an arms embargo imposed by the European Council in 1989, civil– military integration and arms technology cooperation with a number of countries close to China (e.g. Pakistan, Russia) significantly benefit the development of the PLA. China also actively seeks to acquire the technology it needs from the West.

17. China has no military alliances; it has close military cooperation with Russia and the countries of the Shanghai Cooperation Organisation (SCO), among others. China has only been indirectly involved in international military conflicts through the UN Security Council and its peacekeeping missions. However, China's legislation permits armed action abroad in situations where Chinese interests are threatened.

18. China's technological development has rapidly become one of the drivers of ideological competition between the great powers. China's rapid technological advances not only benefit its economic competitiveness, but also its military capabilities and operations in cyberspace. Chinese state-owned enterprises and a few private companies have become global giants whose policies challenge the open markets of Western societies. At the same time, new technologies bring new security threats to the national security environment of states, especially in



cyberspace. The great power competition divides third countries in their approaches towards China and the US respectively. The competition is reflected not only in technology but also in many other sectors.

19. Apart from diplomacy, China seeks to strengthen its global role through its commercial network, infrastructure projects and connectivity plan (BRI). Various institutional settings, investments, financing opportunities, bilateral partnerships and soft power strategies have been built to support these. In a relatively short period, China has become a major player in international value chains and the global financial system. It has also acquired significant stakes in strategically important companies and in logistics and energy infrastructure. Overseas Chinese networks and systematic intelligence and influencing activities abroad also contribute to China's overall objectives.

20. China is ambitious to shape the current world order to reflect the changed power structures, pursuing a natural integration of its position and worldview with the current order. China suggests that its political system and values can be seen as an alternative model to Western democracy, universal values and norms. China also bilaterally promotes the integration of its social model in its economic interaction with developing countries. Additionally, China sets political conditions for its cooperation.

21. China benefits from sustaining its developing country status and image as a partner, advocate and creditor of developing countries. In multilateral cooperation, China's influence can be seen in opposing views to those of the so-called Western group and in support of China's views, particularly in issues of national interest for China.

22. China has traditionally sought to prevent conflicts within its own sphere of influence. On one hand, China seeks to distinguish itself from other great powers through principles and actions that emphasise non-interference and peaceful coexistence; on the other, China is committed to defending its core interests – sovereignty and political integrity – by force if necessary. Recent developments have shown that this readiness may be gaining strength.

23. China and Russia are traditionally seen as close partners, but the closeness of their political relations is more pragmatic in nature, as attested in their UN cooperation, than a partnership of equals. Development of political and economic relations between the two countries are based on shared interests but largely



advance on China's terms. China's growing global weight affects Russia's positioning on the international stage.

24. China's relations with its neighbours are complicated. Relations with US allies Japan and South Korea are difficult for historical reasons. North Korea is an unpredictable partner even for China, which has lost some of its political influence on the DPRK leadership. The relationship between the two countries is historically and strategically complex. Central Asian countries are important for China because of their strategic location, export markets and raw materials. The border dispute between the two nuclear powers, China and India, occasionally strains relations between the two countries even as military confrontations. Pakistan, another nuclear power, relies heavily on China.

25. China has consolidated its position in the South China Sea with determination, building bases and increasing military activity. Territorial disputes with Vietnam, Brunei, Malaysia and the Philippines, and with Japan in the East China Sea, surface occasionally. China's dominant hold on infrastructure projects is also a source of concern for countries in the region.

26. China is solidifying its economic position in the Asia-Pacific and seeks to strengthen interdependence through regional free trade agreements. The largest free trade agreement in the world, the Regional Comprehensive Economic Partnership (RCEP), was signed in 2020. China, Japan and South Korea, the largest economies in the region, joined the RCEP. The ASEAN countries are China's main trading partners, ahead of the EU and the US. China's political disagreements with its major trading partners have also been reflected in commercial cooperation, for example, in the case of Australia.

27. In Latin America, China is the biggest trading partner for several countries. Its loans, infrastructure projects and investments, especially in 5G projects, have strengthened its role in the region. There has been little critical analysis of China's policies and growing strategic influence thus far.

28. China has established strong bilateral relations with many African countries, mainly focusing on the economy and infrastructure projects, and strengthened its presence throughout the continent. China's policy aims to secure and safeguard access to strategic energy resources, other natural resources and agricultural products, and seek markets for its own companies. China's investments have also supported the industrialisation of African countries and significantly accelerated the construction of the continent's infrastructure. At the same time, economic ties



with African countries have reinforced China's influence at the expense of the countries' traditional partners. Like Russia and Turkey, China is also seeking a stronger foothold in the Middle East and the Gulf region.

29. China's presence is also growing in the Arctic region. Its geostrategic location, natural resources, and emerging communication connections and transport routes through the Northeast Passage motivate its interest. In addition to the Arctic, China is also seeking to exploit deep-sea areas in Asia.

30. China's action on global issues stems from its own interests. After decades of struggling with air pollution, China has also woken up to the threat of climate change from its own national perspective, and it is taking ambitious steps to restrain it. However, China has not shown a willingness to take an internationally leading role in the fight against climate change. Consistent action would require a commitment to refrain from building additional coal power plants; concurrently, it seems China's development has taken a reverse direction. From the perspective of the international community, it is important that China contribute to solving global problems, even when this does not serve its immediate national interest.

3.3 Great power competition and the technology race are challenging China

31. China is the world's second largest economy and the biggest destination for foreign investment. The COVID-19 pandemic interrupted four decades of economic growth only briefly. The pandemic intensified the confrontation between the great powers and increased international tensions. China has concluded that its system has shown its strength, even in these exceptional circumstances. Its economic growth has been fuelled by vaccine production and global demand for health supplies, for example. Its foreign policy approach has demonstrated growing assertiveness.

32. China is chasing the US as the EU's biggest trading partner. The bilateral trade balance with China shows a large trade deficit for the EU. For Finland, China is the second most important partner (after the US) for economic cooperation outside the EU in terms of bilateral trade, global supply chains and investment. China is also a global industrial hub, one of the largest markets for businesses, and a source



country for the supply chains on which many European industries depend for their material supplies. China aspires to become a leading centre of knowledge, engineering and research.

33. China's success has in part profited from taking advantage of the transparent rule-based systems and economies of the West. At the same time, China has restricted foreign access to its markets. Despite its WTO membership, China has not abandoned rules and practices that favour domestic companies, including in public procurement.

34. China is rapidly catching up with the US as a technological superpower. China plays a particularly important role in the so-called emerging technologies such as quantum technologies, robotics, automation, space technologies, semiconductors and artificial intelligence. The technology competition is not only about technological leadership, but also about different approaches to innovation and technology, and the role of the state in managing and using them. Ultimately, the competition is considered to be about who controls the technology that will determine the future world order.

35. The expansion of China's state-run telecoms industry into global markets and the security of these technologies are also a matter of concern. As a result, the access of Chinese technology has in part been restricted to some national markets, leading to strong reactions from China. When it comes to regulating surveillance technologies and protecting 5G networks, for example, developed countries' decisions will be of interest to China.

36. In the bigger picture, technology competition has already led to a partial decoupling of technologies, restrictions of technology exports and shortages of key industrial components such as semiconductors. In addition to the electronics industry, supply and production chains in other industries may also suffer from decoupling or export controls caused by trade disputes. Additional risks are created by the politicisation of the business environment, whereby an individual company may unwillingly become a party to disputes between states. However, in the best scenario, interdependencies will slow down such developments.

37. Chinese technology will continue to have a strong share of the global market, and its significance will increase in future technologies especially. Chinese technology can also play a crucial role in addressing global challenges such as climate change. In an atmosphere burdened by technological competition, the promotion of dialogue between the great powers is therefore essential.



4 CONCLUSIONS

1. Finland's relations with China are surrounded by a constantly evolving political environment influenced by changes in both China's activities and international relations. It seems likely that confrontation between the great powers will prevail and continue to project onto Finland and Finnish interlocutors. Maintaining an up-to-date situational analysis requires continuous assessment of the impact of these developments.

2. In its basic approach to China, Finland relies on the continuity of bilateral relations and consistent cooperation with China based on Finnish interests, goals and values. Visits by state leaders and government ministers, as well as dialogue with Chinese counterparts, play a key role in promoting our overall interests. The Team Finland China network promotes Finnish expertise in trade relations with China.

3. As a member of the EU, Finland contributes to a coherent EU policy on China that promotes values and interests important for Europe. National and EU-level cooperation with China are complementary. At the same time, Finland strengthens its interaction with other like-minded countries.

4. Respect for and promotion of human rights, democracy and the rule of law provides the value-based foundation for the actions Finland takes in its foreign and security policy. Finland promotes universal values in multilateral cooperation, both nationally and as part of the EU. As China's role in international organisations grows, it will be important for Finland to strengthen its dialogue with China if it is to influence its positions and actions.

5. China's role in meeting global challenges is growing. In particular, climate action must be included in all activities and objectives in Finnish cooperation with China. Finland will pay specific attention to China's global role and activities in developing countries.

6. China continues to be a key market for Finland and one of its most important economic partners outside the European Union. Finland's goal in both bilateral relations and EU-China relations is to promote trade and investment, and create conditions for businesses that are as fair and equal as possible.



7. National coordination in China-related issues is becoming increasingly important. This means a commitment to improving cooperation between the authorities and maintaining an up-to-date situational analysis. Close cooperation with the private sector, advocacy groups, NGOs and other actors in the fields of education and science, as well as with municipalities, among others, is necessary and benefits all parties.

8. As China's importance grows, the need to strengthen China-related knowledge in various sectors will also grow. Finland, like its peer countries, should invest in the long term in the education of experts on Chinese language and society. Finland nurtures this expertise through cooperation between the authorities and educational institutions. In addition, it is important to ensure that Finland has sufficient resources, both in the ministries and in its diplomatic missions in China to monitor the country's development and promote Finland's interests and cooperation with China based on Finland's values and strengths.