



PRIME MINISTER'S OFFICE
FINLAND



Action Plan on External Economic Relations

Government resolution 16.5.2012

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1 BACKGROUND

As stated in the Government Programme approved in June 2011, **“Finland strives to influence international economic development to attain a stable and balanced development of the world economy and to promote Finland’s own commercial and economic interests. The Government will prepare a cross-sectoral action plan on Finland’s external economic relations. Implementation of the programme will support employment in Finland, particularly the internationalisation of small and medium-sized enterprises (SMEs).”**

On 22 August 2011, the Government appointed an expert working group to support the preparation of the action plan and to put forward proposals addressing its scope. The working group was chaired by Matti Alahuhta, President and CEO of Kone Corporation, and it extensively examined the Finnish system of promoting exports and internationalisation and consulted organisations active in the field and their customer groups. Peer countries and their experiences were used as a source of ideas. The working group presented its final report on 19 January 2012.

The working group’s key conclusion is that the effective promotion of Finland’s external economic relations calls for reform of the current model. The economic operating environment has fundamentally changed since the basic structures were created for the promotion of exports and internationalisation. The system must be able to promote more comprehensively all activities that increase added value in Finland, thereby creating jobs and well-being in the country. Activities also require a more strategic and longer-term approach. In a changing environment, the system has to be able to foresee changes in the operating environment and the opportunities they present. The system must work in a consistent, customer-orientated manner to attain common goals. The efforts for exerting influence in target markets must be more versatile than at present.

According to the report, the following six objectives must be met for the activities to be effective:

- 1) a strategic and long-term approach;
- 2) a system enabling cooperation;
- 3) a customer-orientated approach;
- 4) ensuring a level playing field with international competitors;
- 5) ability to foresee changes and to map and utilise new opportunities;
- 6) extensive and effective exertion of influence.

In the final report, the working group recommended actions for attaining these goals. The proposed measures constitute a coherent ensemble with its various parts supporting one another. The core idea is a new network approach: “The external economic relations network: Team Finland”. The action plan on external economic relations is based on these goals. Drafting of the action plan was a collaborative process between the Ministry for Foreign Affairs and the Ministry of Employment and the Economy and the key stakeholders were consulted during the process.

2 THE CHANGING OPERATING ENVIRONMENT FROM THE FINNISH PERSPECTIVE

Developments in the global economy and changes in the operating environment that affect companies.

There are three important developments affecting Finland's position in the global economy: the new global division of responsibilities, the shift of the economic focus towards the emerging economies, and changes in international business. All these developments impact Finland and the competition faced by Finnish companies.

Emerging economies are further integrating into the rest of the world. In the business-to-business context, the countries have already developed from producers of goods to the world's largest markets and are also rapidly becoming the world's largest consumer markets and significant international investors. As their human capital increases, emerging markets compete with traditional industrialised countries also in terms of innovation.

The economic and debt crisis in Europe stems from long-term structural problems that take time to solve. Finland cannot build its growth solely on the European internal market but has to seek growth also from emerging countries outside the EU. Asia, Russia, Latin America and Africa are growing in importance, and the relative importance of Europe and the United States is decreasing. However, Europe's significance as a large domestic market for Finnish SMEs will remain important.

In emerging markets, the state and businesses have a close-knit relationship and economic policy is implemented under state control. In such circumstances, maintaining a level playing field requires active measures to eliminate barriers to trade and to solve problems related to the regulatory environment. The pressure to resort to protectionism—which can also take the form of veiled economic nationalism based on domestic regulation—has increased and will remain a significant risk in the years to come.

The fact that value chains are networked globally has a fundamental impact on the competitiveness of companies. Globalisation has widely dismantled former national clusters as regions and countries compete as business locations. Different processes of the value chain have been scattered around the world and so is the added value created by the various stages (raw materials, primary production, subcontracting, distribution, maintenance etc.). Increasingly often, companies create added value in Finland by tapping into the know-how of their branches located in other countries. The important thing is that companies establish their head offices in Finland.

Even in the new circumstances, it is essential to focus attention on ensuring that jobs providing added value are created and maintained in Finland. Finland must be an environment that attracts investments and highly skilled workers. Efforts promoting international business must include support for exports but also increasingly for other forms of internationalisation. This requires both a change of mindset and the development of new tools. For Finland, it is particularly important to promote the international activities of SMEs at all stages and to create conditions that pave the way for new global success stories.

Finland must also be able to seize global economic and social developments and strive to use these trends as a basis for innovation and new business activities. The growing dominance of services, digitisation,

climate change, sustainable use of energy and natural resources, urbanisation and ageing of population are all examples of trends that will have a profound impact on business in the coming years. These trends will create opportunities for business activities that offer solutions which enable environmental and social sustainability.

Multilateral trade negotiations have proven challenging in a situation where the negotiations aim to cover a wide range of topics and the negotiating parties have conflicting goals. The rising power of emerging developing countries has also become apparent in the negotiations. The contents of trade policy have also changed. In addition to customs tariffs, other rules and topics on trade and investment have grown in importance. However, negotiations on the new topics have proven extremely difficult.

During the past decade, traditional multilateral trade liberalisation within the framework of the WTO has in practice been largely replaced with bilateral and regional free trade agreements. This trend continues to intensify and will enable closer bilateral cooperation. However, it will also hinder the full utilisation of international value chains.

What is positive about the negotiations undertaken by the EU is that the new free trade agreements support the objectives central to the internationalisation of Finnish companies. As free trade agreements become more common, there is increasing pressure to include these new regulatory models in the WTO negotiations. At their best, free trade agreements negotiated outside the WTO framework can act as building blocks in reforming the multilateral system.

The global population and economic growth have a direct impact on the demand for raw materials and energy. As the competition for natural resources and energy intensifies, their strategic importance grows. Climate change mitigation measures affect production conditions and foreign trade. Issues related to climate change and the environment will become more prominent on the trade policy agenda because the likelihood of various trade disputes will increase without a multilateral set of rules. Simultaneously, the demand for environmental technology products and solutions has grown rapidly and opens up significant business opportunities for Finnish expertise in the field.

The fight against poverty creates new markets and reduces the instability of the operating environment. Consumers also pay more attention to the ways products and services are produced and the environmental impacts of production. Companies have reacted to this behaviour by establishing their own certification schemes and corporate social responsibility policies. Environmental issues and other social responsibilities have become increasingly important in business operations. Giving these aspects due consideration may constitute a significant competitive advantage.

3 NECESSITY OF DEVELOPING THE CURRENT APPROACH

There is a wide range of actors involved in Finnish external economic relations and the promotion of exports and internationalisation. At the level of central government, the services are concentrated in the Ministry of Employment and the Economy and the Ministry for Foreign Affairs. The Ministry of Employment and the Economy has the overall responsibility for promoting the internationalisation of companies as a part of industrial policy. Policies on innovation, energy, internal market, competition and employment have implications to external economic relations. The Ministry for Foreign Affairs and the network of Finnish missions support the work considerably by influencing the business operating environment through trade policy, public diplomacy and prestige and promotion services.

There are separate organisations involved in activities that promote exports and internationalisation of companies and operate under the performance guidance of the Ministry of Employment and the Economy. These include Finpro, Centres for Economic Development, Transport and the Environment, Finnvera, Tekes and Invest in Finland, which is to be integrated into Finpro. In addition, the Ministry of Employment and the Economy provides support through budgetary funds to some independent organisations promoting the internationalisation of companies (such as the Finnish–Russian Chamber of Commerce). Development policy instruments under the Ministry for Foreign Affairs include Finnfund and the business partnership programme Finnpartnership. One example of cooperation between the two ministries is the 2009 agreement on the division of duties between Finnish missions and Finpro regarding public services for the promotion of exports and internationalisation. The implementation of the agreement is monitored in the performance discussions between the Ministry of Employment and the Economy and Finpro. The Ministry for Foreign Affairs also participates in the discussions.

However, the various actors promoting exports and internationalisation lack common goals, and this lack has diminished the effectiveness of their activities. In the “Team Finland” report, two problems were noted: a siloed, organisation-orientated approach and the restricted contents of the activities. According to the report, the ensemble’s ability to set goals and priorities for the activities is weak. The work of the various actors is fragmented and not based on clear and explicit common goals. The system lacks foresight and has a poor ability to utilise new opportunities and build partnerships. Due to the state of central government finances, the resources allocated to actors promoting exports and internationalisation are unlikely to increase substantially. This situation further emphasises the need to improve cooperation.

The fragmentary nature of the system has also been recognised as a problem and named as a priority development target in domestic and international evaluations. From the viewpoint of business customers, public support services are abundant but difficult to find. The situation is particularly challenging for SMEs. For them, it is difficult to recognise and identify among national actors and services the regional and provincial services that support local businesses.

Changes in the operating environment constitute the core stimulus for developing the activities. Especially the changes in how companies approach value chains emphasise the need for stronger support to all forms of internationalisation alongside the traditional promotion of exports. In addition to supporting the early stages of the internationalisation process, more attention should be paid to services offered to companies that have already become established abroad or companies that seek to expand their operations. Alongside solving companies’ problems, the system’s foresight activities should be improved in terms of political risks and new business opportunities.

The changing environment also requires that activities are based on a strategic and long-term approach. This is the only way to enable the full utilisation of Finnish strengths and the new possibilities that global megatrends have opened up for promoting Finnish exports, internationalising Finnish companies and attracting international investment to Finland.

4 GOALS AND ACTIONS

Goal 1: Strategic and long-term approach

The changes in the world economy have been rapid, and the key trends are expected to continue. The development of the global economy will impact all public policy, making it necessary that the activities of different administrative branches and priority-setting are coherent. Finnish external economic relations must also be based on joint strategic steering covering all administrative branches.

Actions: Joint strategic steering

- A joint strategic steering system will be set up for activities related to external economic relations, promotion of exports, foreign investment and internationalisation. A strategic body—the **Team Finland steering group**—will be established and tasked with planning and updating the constantly evolving strategy and proposing measures for implementing the strategy.
- The priorities of the strategy work may be thematic, regional or combinations of the two aspects, such as focusing on cleantech business in the implementation of the programme, and they should be more detailed and employ a longer-term approach than the Government Programme. The steering group will set goals, propose measures and monitor the attainment of the goals. The steering group's duties also include the continuous development of the Team Finland model.
- The steering group will be appointed by and work under the Prime Minister. The aim is to appoint a small group with members who have extensive and versatile experience in terms of external economic relations. The steering group will be appointed for the Government's term of office and should be independent and based on expertise.
- The strategy will be updated at the end of each year, and its implementation is monitored with a mid-year review. Thus, strategic work will provide tools for budget negotiations in the autumn and for the performance target negotiations between ministries and organisations operating under them. This will also enable the Action Plan on External Economic Relations to be tied in with other tasks assigned to government agencies. Strategic work shall be as transparent as possible, and the proposals made by the steering group will be public.
- Finland's country promotion for external economic relations will be integrated into the Action Plan. The annual updates to the strategy will take account of the priorities and key projects of country brand communications.
- A small secretariat comprising a few officials will be set up as part of the Prime Minister's Office to assist the Prime Minister and the steering group. The secretariat's tasks include producing material for the preparation of the strategy and for improving competences required in implementing the strategy, communications with all stakeholders central to the strategy (various actors promoting exports and internationalisation, business

sector organisations, interest groups and non-governmental organisations (NGOs), the Finnish Innovation Fund Sitra, academics and researchers etc.) and the coordination of the cooperation network. The secretariat will be supported by a network of officials at the Ministry for Foreign Affairs, the Ministry of Employment and the Economy and other ministries involved in the implementation of the Action Plan.

Goal 2: A network enabling cooperation

The implementation of the joint strategy requires, in Finland and abroad, a system that is able to carry out the practical implementation of the strategy. The habit of focusing on one's own organisation and defending one's own territory must be broken. The arrangements shall be made within the ministries' current budgetary framework and using the current resources more efficiently.

Actions: Team Finland network

- Finnish activities in external economic relations and in promoting its economic interests will be based on the Team Finland network. The core idea is a network structure that operates in Finland and abroad. The network will operate under shared strategic steering for the various actors involved and efficient incentives will be created for the implementation of the joint strategy. The network will be built applying the principles of a report that was based on the Government Programme adopted in June 2011 and drawn up by the ministries' (Ministry for Foreign Affairs, Ministry of Employment and the Economy, Ministry of Education and Culture) permanent secretaries' group for coordinating activities abroad .
- In Finland, ministries will allocate sufficient funds from their operating expenses to Team Finland activities and report annually to the network steering group on the implementation of the strategy in their respective sectors. The aim is to support the implementation by creating incentives at the level of organisations and individual employees (including linking the operating appropriations of organisations and units to performance targets, career development and rewards to employees). The network shall have mechanisms for joint customer management and communications.
- Shared premises for the Foreign Service and other actors representing Finland will be supported when they serve operational and economic efficiency.
- The Heads of diplomatic missions will be responsible for building and chairing the Team Finland network in their host countries. Other arrangements are also possible if they are more practical in certain local conditions. The core task of the network will be to implement the strategy drawn up by the Team Finland steering group and to apply it in a manner that suits the local conditions. The Team Finland approach will be systematic and it will cover all Finnish missions abroad in their respective areas of responsibility.
- Annual joint action plans for the missions, Finpro and the Finnish cultural and academic institutes will be drawn up. The plans will cover practical cooperation and take into account local conditions. Among other things, the action plans will define common annual goals and core messages, identify the target groups of the joint actions and exertion of

influence and describe concrete projects. The starting point for cooperation is that it serves the interests of all partners, makes efforts more systematic and ensures a long-term approach.

- The cooperative framework of actors representing Finland will be enhanced by integrating the cooperation programmes into annual planning of each organisation. Where appropriate, current bilateral cooperation agreements will be replaced with joint agreements between Finnish missions, Finpro and the Finnish cultural and academic institutions. The cooperation programmes will also be connected to the agreements.
- The permanent secretaries' group for coordinating activities abroad will monitor and, when necessary, provide guidance for the activities of the Team Finland network in the Finnish missions, including the drafting of joint action plans to be used as a basis for cooperation.

Goal 3: Customer-orientated approach

The customer-orientated approach of the new model is a key challenge for the Team Finland network. Customer care must be based on a holistic and long-term approach. The organisation must serve businesses without them having to look for each service separately. The model must meet the needs of Finnish companies of different sizes that operate in various fields and which are at different stages of internationalisation as well as the needs of companies investing in Finland. The level of competence and quality of service of the entire group of actors involved must be improved. Where relevant, the commercialisation of services must also be improved.

One of the key goals of the Team Finland concept is to provide companies with a single point of contact that will direct them to different services and provide expert guidance on the contents of the services. The aim is not to create a new customer service organisation. Instead, the reforms must be based on enhancing cooperation among the existing actors. For the network to be as functional as possible, the competences of the personnel of all organisations belonging to the network must be improved in Finland and abroad.

Actions: Adapting the service concept and improving competence

- Finnish missions abroad shall appoint Team Finland contact persons and coordinators for country-specific teams. The appointed persons, mainly officials from the Ministry for Foreign Affairs, must have relevant education and experience. Coordinators will ensure that customers are served as a team and that companies have access to the country-specific knowledge that has been built up in the network. A separate network will be set up for each country, especially for countries of growing economic importance.
- Creating a functional service concept will require the missions to allocate their resources in a manner that supports the Action Plan. The aim to channel the personnel resources of different ministries to Finnish missions abroad, as stated in the Government Programme, should be utilised as well.

- As the world economy has recently undergone sweeping changes and economic questions have gradually become central to international politics, the responsibilities of the Finnish Foreign Service have grown. In short, it must defend Finnish trade interests and secure good growth conditions for the Finnish economy. Education and training on economic policy and export activities will be stepped up in the Ministry for Foreign Affairs.
- In Finland, the Growth Channel project run by the Ministry of Employment and the Economy will serve as a good model for developing customer service. The development project must be implemented in a way that provides companies easy access to all public services provided by organisations promoting exports and internationalisation, including financial, consultancy and support services. Companies enrolled in the Growth Channel service are assigned a contact person to assist them with all public services. The aim is to provide services especially to the most promising companies seeking growth through internationalisation. Companies will be directed to services that suit them best, regardless of which organisation they contact first.
- Government services facilitating the market access of Finnish companies will be developed by creating and establishing an operating model in which different national actors, such as the Ministry for Foreign Affairs, the Ministry of Employment and the Economy, Centres for Economic Development, Transport and the Environment and the network of Finnish missions, improve their dialogue with Finnish companies regarding their foreign trade objectives. The consultation and involvement of private and third sector stakeholders, including NGOs, in trade policy decision-making and implementation will be improved.
- The parties of the Team Finland network will exchange information about the goals of companies and provide the companies information on changes in the foreign regulatory environment affecting their business activities. In order to improve customer service and cooperation among public authorities, a joint database will be set up for all relevant public authorities and bodies. The database will include information on problems companies are facing and measures for solving the problems.
- On the domestic level, the focus will be on improving the capacities of the centres for economic development, transport and the environment to distribute information and engage in dialogue, especially on matters that are central to the international activities of companies. In addition to providing their own services, the Centres for Economic Development, Transport and the Environment and the domestic networks of Finpro, Finnvera and Tekes will also direct companies to other service providers. All organisations working with companies will direct cases requiring special attention to experts at the Ministry of Employment and the Economy and the Ministry for Foreign Affairs.
- To improve the competence of the entire network, separate extension studies will be tailored for the field in Finland in cooperation with universities. The studies will cover topics related to international economy, trade policy and the internationalisation of companies. Competences will also be enhanced by increasing personnel mobility between central government bodies and the private sector and between different ministries and Finnish missions abroad. Mobility will be supported through personnel exchange arrangements

and a human resources policy that encourages task rotation. The growing importance of issues related to external economic relations will be taken into account when recruiting new personnel.

Goal 4: Ensuring a level playing field with competitor countries

Companies create competitiveness, but competitiveness can be supported through public measures, by encouraging companies and sharing the risks. It is important to ensure that Finnish companies have a level playing field with competitor countries. A strong foundation can be laid for creating a level playing field by developing Finland as a Nordic welfare state and a society that takes responsibility not only of its own citizens but internationally as well. Supporting responsible entrepreneurship will give Finnish companies an additional asset.

The aim is to continue trade liberalisation, to develop norms for trade and investment and to promote the internationalisation of Finnish companies. These goals are reached by actively influencing the common commercial policy and the development of the internal market in the EU, by promoting exports and internationalisation and by ensuring competitive export financing for Finnish companies. Domestic factors include education, research and innovation systems, taxation and the availability of skilled labour. Logistics operating as smoothly and predictably as possible will also be increasingly important in the future.

Trade policy has traditionally been based on mutual promotion of export conditions through trade liberalisation. However, in the world of decentralised production chains and international division of labour, the approach is no longer sufficient. For example, affordable and undistorted access to inputs is vital to the continuity of production and smooth-running logistics. The liberalisation of investment is also particularly important for a country like Finland that has the conditions required for high added value production and that has to seek economic growth through the added value gained from the internationalisation of companies.

Finland must make optimal use of the opportunities presented by the EU common commercial policy. Multilateral arrangements will continue to be Finland's primary goal. Since achieving a comprehensive solution within the WTO is not in sight, in the coming years Finland will focus on the EU's bilateral or regional free trade agreement negotiations. The objective is that the EU negotiates agreements with countries and regions that are central to Finland's economic interests and, at the same time, clearly supports solutions that are in line with WTO rules. With respect to key topics, plurilateral agreements will be used when necessary.

The long-term goal is to eliminate tariffs on all industrial products. In addition to promoting exports, Finnish industry must be secured unrestricted access to raw materials, semi-manufactured products (including components) and energy produced as sustainably and responsibly as possible, at competitive prices. Barriers to trade must be prevented and the transparency and fairness of regulatory systems sought. Technical regulations and standards must be harmonised internationally. For agricultural products, the aim is to reduce external protection and trade-distorting subsidies, securing the basic conditions of production in Finland.

Due to the special characteristics of different production sectors, horizontal trade policy solutions must also be supported with sector-specific ones. Operations should be based on an analysis of the sectors and ways in which trade liberalisation best enhances Finland's competitiveness. Another aim is to further

liberalise trade in services and to promote service exports. Attention will be given to the development of Internet services and Internet governance as well as rules concerning the field. The efficient enforcement of the protection of intellectual property must be ensured, especially in emerging markets that are important from the Finnish perspective.

The market access of investments will ultimately be improved through a multilateral agreement on investment. Public procurement will be made more transparent and open to competition. The capacity of the creative economy will be reinforced by enhancing the identification of counterfeit goods and preventing their access to the market. Developing countries will be supported in integrating into world trade and the international trade system with various trade policy measures and aid for trade. The consistency of trade and development policy will also be promoted.

The fight against climate change has made the cleantech industry one of the most rapidly growing sectors. The demand for cleantech products and services will improve export opportunities also for Finland, which hosts significant expertise in the field. It is important that Finland support the highest possible degree of liberalisation in the field and promote the related exports.

Public regulation will be complemented with voluntary measures, such as corporate social responsibility initiatives and labelling systems regarding labour standards and the environmental impacts of production. The aim is to increase the related dialogue and promote corporate social responsibility initiatives while ensuring that they do not impose unnecessary restrictions on trade.

Ensuring a level playing field will require that the entire system of external economic relations is allocated sufficient resources and that the resources are targeted appropriately in comparison with competitor countries. This applies to all branches of activity, including guidance and consultancy services, financing and subsidies to exports and internationalisation and the promotion of investment in Finland.

The export industry must have access to a well-functioning export financing mechanism. Finnvera is introducing a new financing model which will enable Finnish exporters of capital goods to compete for orders on the global market with competitive financing conditions. The system's risk-taking capacity will be increased in projects that are of particular importance to industrial policy. The possibility of introducing refinancing guarantees for exports will be looked into separately. It will be especially important to meet the financing needs of companies that are in the early stages of the internationalisation process.

Actions: Trade policy, promotion of exports and internationalisation and its funding, allocation of resources to service providers

Trade policy:

- Finland's trade policy objectives will be promoted through the European Union, ensuring that they are mirrored in the EU's negotiation objectives in the WTO and in the EU's bilateral and regional free trade agreement negotiations. The pursuit of trade policy objectives with third countries will be enhanced within the framework of the EU common commercial policy.
- It will be ensured that the personnel resources allocated to the drafting of statutes are quantitatively and qualitatively sufficient.

Promotion of exports and the internationalisation of companies:

- The provision of services to SMEs seeking growth through internationalisation will be prioritised in the activities of the Team Finland network.
- Members of the Government will be encouraged to participate in the promotion of exports and internationalisation within the framework of priorities chosen by the Team Finland steering group and with the support of organisations promoting exports and internationalisation by, for example, bringing along business delegations on relevant trips.
- The competence and professional skills of those working with companies will be improved in the entire service network, emphasising an active service culture, flexibility and cooperation. Companies will be made more aware of the services that are available, and the monitoring of how effective the activities are will be enhanced.

Finance to exports and internationalisation, export guarantees:

- Finnvera's activities will be directed so that its funding can be better targeted to promoting the internationalisation of SMEs.
- Finnvera's abilities to provide credit insurance to small-scale export trade to EU and OECD countries ("marketable risk countries") will be examined.

Allocating resources to service providers:

- The system of external economic relations and the efforts for promoting exports and the internationalisation of companies forming a part thereof will be developed on the basis of existing resources, appropriations and personnel capacity.
- The aim is to maintain at least the current resource level and, if possible, to invest more in new projects and forms of operation that are considered to have potential for creating growing international business.
- The investments of competitor countries will be monitored with the aim of ensuring a level playing field for Finnish companies.

Goal 5: Ability to foresee changes and to map and utilise new opportunities

Rapid changes in the world economy require the system to have foresight and a forward-looking approach. The system must be able to map new opportunities and risks, identify partnerships and convey relevant information to the various actors in the network. The operating model must also support cooperation among Finnish companies in order to utilise the opportunities presented by global megatrends.

Closer cooperation is needed between the public sector, companies and universities. Information cumulated in the business sector must be utilised more efficiently, and the experiences of large global companies must be used in supporting the internationalisation of SMEs that are boldly aiming to become truly global players.

Foresight activities that aim to map new market areas and business opportunities help companies utilise the changes taking place in the world economy and to discover ways to utilise them as the basis of new business activities benefitting the entire national economy. Changes should be observed on the basis of a systematic and long-term approach. Making good use of the observation process will require close cooperation among the public and private sectors, universities and research institutes.

The FinNode network is an example of a model that has enabled closer cooperation between national publicly funded organisations. The network has succeeded especially in its task of identifying new innovation-related phenomena in all five FinNode countries. The FinNode guidance model includes a steering group formed of all nine of its partners and a working committee comprising its four primary members (Ministry of Employment and the Economy, Ministry for Foreign Affairs, Tekes and Finpro) and has proven efficient in steering this key element of the Team Finland model.

Development policy can also be used as an instrument facilitating the establishment of Finnish companies in the markets that are yet to be developed. According to the Government Programme, Finland builds its development policy activities on its strengths in the educational sector, health promotion, communications and environmental technology, and good governance. According to the Development Policy Programme, efforts in the development policy priority areas are also targeted on the basis of Finnish know-how and strengths. In practice, these viewpoints are taken into account in all development cooperation funded by Finland but especially in bilateral cooperation and thematically/regionally focused cooperation. Thus, they provide abundant opportunities to Finnish companies and other actors as well, even though the development policy objectives are always factored in. In this respect, Finnfund and Finnpartnership will be the most central instruments supporting investment and business in developing countries.

Actions: Systematic foresight activities, influencing the international regulatory environment, enhancing cooperation among the public and private sectors and universities, development cooperation

Foresight activities:

- Mechanisms will be built in the Team Finland network for systematic foresight activities and for observing change signals and mapping new business opportunities, making use of the experience gained from foresight cooperation with FinNode.
- The foresight pilot project organised by the Ministry for Foreign Affairs and Tekes will be continued with the missions currently participating in the project. If needed, the activities will gradually be expanded on the basis of foresight profiles agreed with Tekes.
- In addition to mappings of new market areas and business opportunities and analyses of the regulatory environment carried out by Finnish missions and Finpro, the range of foresight activities will be expanded to include assessments of political risks. Systems will be developed for enabling the business sector to utilise the results of foresight activities more efficiently. This applies, in particular, also to the reports on political risks produced by the network of Finnish missions.
- Cooperation within the EU will be used actively to eliminate problems faced by Finnish companies and to monitor changes in the regulatory environment by, for example, en-

hancing the participation of mission officials responsible for commercial and economic matters in the EU market access teams convened in the target countries.

- Foresight activities will make better use of the work carried out by OECD committees that horizontally cover the various sectors of the economy.
- Team Finland personnel will be provided the training required by foresight activities, and shared operating models will be defined for cases concerning the monitoring of the regulatory environment, foresight activities and barriers to trade.
- FinNode cooperation will be developed as one form of the Team Finland approach. It will be ensured that all FinNode partners contribute to the cooperation sufficiently. Possible new initiatives in new FinNode target countries will be given positive consideration.

Allocating development aid appropriations:

- Development cooperation appropriations will be allocated with an increasing emphasis on the least developed countries and Finland's seven long-term cooperation partner countries. Five of these countries are in Africa and two in Asia. The countries have potential to become emerging markets, and various Finnish development cooperation activities in these countries lay an excellent foundation for enforcing and developing commercial and economic relations. The activities will also support Finpro's recent emphasis on Africa.
- Finnish strengths will be taken into account in bilateral and multilateral development financing. This way, opportunities will be created for utilising Finnish expertise especially in projects and programmes financed by international financial institutions.
- A discussion forum will be established for enabling the Ministry for Foreign Affairs and the private sector to enhance dialogue on the interfaces between development policy and business, and on opportunities for cooperation, including public-private partnerships, the use of Finnish know-how in development cooperation and the allocation of development cooperation funds.
- Funding for Finnfund will be increased and its special risk financing activities strengthened. These measures will improve the possibilities of Finnish companies to participate in investment projects involving greater risks, especially in poorer developing countries.
- With respect to the concessional credit scheme, substitutive forms of cooperation that promote development policy objectives and complement other development policy tools will be developed in cooperation with the private sector. The aim is to assist, in particular, the social and economic development of the least developed countries, with the support of the Finnish business sector.
- The activities of Finnpartnership, a business partnership programme, will be developed with a view to continuing the programme even after the current stage.

Goal 6: Extensive and efficient exertion of influence

Trade policy has been traditionally used for improving market access for companies or for influencing various barriers to trade and investment. Policy actions are usually targeted at the authorities in different countries. In the new situation, the exertion of influence must be considerably more wide-ranging than at present. Activities will not only promote companies' advances on the international market, but more extensively the shift of the flows of innovation, know-how and investment to Finland and other target areas related to Finland. In order to succeed in this, Finnish influence must reach a wider range of target groups, such as companies, consumers and the media in the target countries.

Until now, the promotion of foreign investment has been based almost exclusively on the activities of the foundation Invest in Finland. The operations of Invest in Finland are being integrated into Finpro with the aim of utilising Finpro's global trade centre network to identify new investment ideas. In addition to Finnish internationalisation activities directed abroad, all Team Finland actors must aim to promote new investment in Finland in order to attract new business activity, capital and know-how to the country.

Actions: New target groups, differentiation, sharper promotion activities, attracting investment in Finland, influencing through the EU

Promotion activities:

- Promotion activities, including high-level export promotion trips, will be developed so that they become more systematic, better targeted and based on a longer-term approach and that their impacts are easier to measure. The planning and implementation of export promotion trips will make more extensive use of the input of various business sector organisations, such as the networks of start-up companies, companies in the creative industry and women entrepreneurs.
- The current coordination and steering group for export promotion will become a development group for export promotion trips and be co-chaired by the Ministry for Foreign Affairs and the Ministry of Employment and the Economy. The group will be tasked with developing the most efficient itinerary, contents and execution of trips promoting exports and internationalisation.
- Promoting Finnish services, products and know-how abroad will be made more efficient, through means such as collaborative road shows organised by the network of Finnish missions, Finpro and other actors.
- Promotion activities will be focused especially on emerging markets, while keeping in mind the importance that the European market has, particularly for SMEs. The aim is to improve the continuity of export promotion by, for example, encouraging the representatives of key target countries to visit Finland in return and organising seminars and other events during such visits, thus enabling Finnish companies to form wider connections with the decision-makers and companies of these countries.

Communication and promotion networks:

- Finnish aims and objectives will be communicated more clearly and consistently and in a manner that makes Finland stand out from other countries. A uniform national communications network that includes hubs of key opinion leaders and influences a wider range of target groups, including consumers and the media, will be set up under the Team Finland concept.
- Communications will make use of a wider range of special characteristics of Finnish culture and society and interesting personalities. Opinion leaders, alumni and Finnish expatriates who are considered important from the Finnish perspective will be identified in the target countries, and they and the honorary consuls of Finland will be connected more closely to the Finnish communication and promotion network.

Promoting investment to Finland:

- A national strategy will be drawn up on the promotion of investment. The strategy will comprehensively analyse industrial policy as a means to support investment, the sales and consultancy efforts targeted at foreign investors and the reinforcement of the country brand of Finland as a place to invest.
- If necessary, relevant recommendations made in the investment strategy report "Investointeja Suomeen" by Jorma Eloranta can be taken into account.

Exerting influence through the EU:

- The protection of Finnish economic interests in the external economic relations of the EU will be emphasised more actively and systematically than before, especially in terms of the regulatory environment in third countries, the network of international trade agreements and the development of the WTO. The objective is to get the EU to prioritise markets and countries that are of primary importance to Finnish commercial and economic interests. Biannual priorities will be drawn up. The priorities will be promoted by actively influencing the European Commission and EU Member States in order to contribute to Finnish objectives.
- Exerting influence through the EU will also be enhanced in key decision-making and discussion forums, such as the G-20 forum, where Finland is not represented directly.
- The importance of lobbying will be taken into account in the training and orientation of government officials, aiming at consistent and coordinated exertion of influence.



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