



# Finland and the United States of America

## A Hundred and One Ways to Develop Transatlantic Cooperation

### Finland's United States Action Plan



MINISTRY FOR FOREIGN  
AFFAIRS OF FINLAND



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# I FINLAND AND THE UNITED STATES OF AMERICA—TOWARD STRATEGIC COOPERATION

The United States of America is a superpower; its decisions and actions have a global impact. Its role and influence are especially pivotal in regional crises, the non-proliferation of weapons of mass destruction, the fight against terrorism, the global economy and financial markets, innovations and energy solutions, as well as in development cooperation. Despite the rise of emerging economies, the United States' role in global affairs remains central.

At the same time, broad-based international cooperation is of increasing importance because problems are often complex and have a global reach. The United States is a key cooperation partner for Europe. The US and the EU should continue to take the initiative when it comes to solving international problems.

US actions impact the security and wellbeing of Finns in many ways. The choices and actions of the United States often affect Finland, too. This fact should be taken into account when Finnish national policies are planned and formulated.

## **The basis for Finnish–US cooperation**

Cooperation is grounded on a solid foundation. Finnish society enjoys long-standing and wide-ranging relations with the United States. Strong ties evolved from the migration of Finns to the US. The US has supported Finland in various ways in the past, for example by granting loans for rebuilding the country after the wars and through student exchange programs. Even though Finland and the United States differ in size, geography and history, cooperation between these two modern democracies is diverse and extensive.

Interaction and cooperation cover almost all sectors: foreign and security policy, trade, services and investment, research and innovation, student exchange programs as well as creative industries and culture. Finland benefits from cooperation with the large and dynamic country. As a highly developed society Finland also provides new solutions and perspectives in many sectors, which in return attract interest from the United States.

Finnish–US relations are handled through direct bilateral contacts as well as through EU–US cooperation.

**There is need and room for deepening the cooperation:**

1. With regard to developments in the world, the US is a key player. Finland should take an active part in discussions about the direction of the developments and engage, within the limits of its resources, in the resolution of international problems.
2. A dynamic exchange of ideas and resources is essential for Finland. The US is an especially important partner in this respect.
3. As an innovative knowledge society, Finland can be an interesting partner to the US.

## **Common goals lay a foundation for a broad-based partnership**

### **A strong shared vision of global developments**

Due to global geopolitical and economic changes, it is not at all clear what values and objectives will shape future development. The direction of change is not irrelevant to Finland, either.

Supporting democracy, the rule of law, human rights, equality and the status of women are important shared goals and their promotion will be increased. Cooperation within the EU-US Transatlantic Development Dialogue offers opportunities to support development in the least developed countries.

As a Nordic welfare society Finland's experiences and solutions have diverged from market-based models and Finland, together with the other Nordic countries, should offer these experiences to others when seeking solutions for common challenges.

### **Stability and security—common goals**

Northern Europe and the Baltic Sea Region provide new potential for cooperation. In order to maintain the stability and wellbeing of the region, it is important to sustain US interest in it. US commitment to European stability and security will continue to be crucial in the future. Supporting democracy, the rule of law, sustainable economic development and stability in Russia is a common goal. The Arctic region opens up new avenues for cooperation in energy, transport routes, Arctic technology and with regard to environmental challenges.

Solving international crises is one of the foreign policy priorities of both countries. Finland and the United States take part in international crisis management in several crisis areas. Finland intends to participate in military and civilian crisis management missions with a notable contribution in proportion to its resources. Finland will develop its NATO Partnership for Peace (PfP) cooperation and improve its own crisis management capabilities. Finland actively supports the non-proliferation efforts of weapons of mass destruction (WMDs).

Terrorism and international organized crime are serious international security problems and the effective fight against them calls for intensified multilateral cooperation. It is important that the EU and the United States cooperate in this area. At the same time, Finland must look after its own capabilities in the face of changing risks and threats.

### **Green Economy—common area of growth**

The green economy carries major potential for growth. Both Finland and the US invest considerably in research and development in the field. Environmental technology as well as the development of renewable energy sources and energy efficiency offer interesting new prospects. At the US invitation, Finland participates in the Clean Energy Ministerial process, which promotes clean energy projects in developing countries.

Cooperation will be increased in the fight against climate change and in supporting the least developed countries' adaptation processes, with a special focus on the role of women. The goal is also to strengthen international environmental governance and the prevention of maritime pollution.

### **The US market—potential for economic growth**

The potential of bilateral trade should be utilized more efficiently. As the world's biggest economy, the United States is an important trading partner for Finland and its most important export country outside Europe. The US can be a key source of investment and it is an innovation base for Finnish companies. Gaining a foothold in the competitive US market requires special efforts on the part of Finnish companies, but those that do manage to enter the market profit greatly from it.

Transatlantic trade and economic cooperation should be as free from barriers and restrictions as possible. Bilateral, EU and WTO options are used to further this aim. The goal is to finalize the WTO Doha Round of negotia-

tions. Furthermore, a comprehensive assessment will be made in Finland of the effects of a possible EU–US free trade agreement and, especially, of the effects the dismantling of barriers on trade and investment would have on Finnish businesses and society.

Effective and well planned export promotion supports Finnish businesses in the North American markets. The Ministry for Foreign Affairs, Finpro, Tekes, Finnnode, VTT and chambers of commerce as well as a wide network of honorary consuls make their services available for this end. Finnish companies are an interesting target for American investors and it is crucial to increase investments in Finland. Access to venture capital is important and its availability will be further examined.

### **Cutting edge in research and innovation**

Innovation and research open up enormous potential for dynamic cooperation. Institutional cooperation between Finnish and American universities and research financiers will be increased. Finnish companies are networked with US innovation hubs and the United States is among the most important partner countries for Finnish universities and research institutes in all fields of science. Researcher and student mobility between Finnish and American universities and research institutes will be facilitated.

The United States is home to top ranking universities, while Finland is recognized for its high quality basic education. Partnerships and cooperation will be strengthened between experts in the education sector.

### **Free and safe travel**

People should be able to move safely and freely without unnecessary barriers. Finland participates in the US Visa Waiver Program. Free travel requires close cooperation to prevent crime and terrorism, in a manner that respects civil rights. This cooperation is being strengthened through the EU as well as bilaterally. Safe travel and internal security are common interests.

### **Vibrant creative industries and cultural market within reach**

In the creative industries, the US offers a big market and vast possibilities for Finnish players. Finnish culture has gained a firm foothold in the US, laying a good foundation for future cooperation. Public diplomacy is a valuable means to make Finland known in the United States.

## **Personal contacts and networks are vital**

Contacts will be advanced between Finnish and US players. Finnish businesses, researchers and representatives of academic communities, cultural life and civil society are encouraged to forge and develop their contacts. In the United States, which is a vast federal state, it is imperative to be active not only in Washington DC but also at the state level.

Finland invests in its presence in the United States and its official representation is already extensive. As the first Green Embassy building, the Finnish Embassy in Washington DC offers interesting new possibilities for raising Finland's profile in the US. The Embassy of Finland and the Consulates General do not only promote relations at the government level but also cooperation in the fields of exports, culture, science, innovation and education. The Finnish Funding Agency for Technology and Innovation (Tekes), the Technical Research Centre of Finland (VTT), the Finnnode Innovation Center, Finpro's offices in Silicon Valley, Houston, Stanford and Washington DC as well as a wide network of honorary consuls around the country, play a vital role as supporters of Finnish economic and scientific cooperation. The Finnish Cultural Institute in New York promotes Finnish visual arts, design and architecture.

## **The EU and the US—a transatlantic symbiosis**

Europe and the United States are each other's most important strategic partners. In an era of growing global challenges, both need more strategic cooperation geared to proactive problem solving in a sustainable manner. Acting together and in the same direction the EU and the US can advance their goals more effectively in multilateral fora. This also advances the transatlantic commitment to the United Nations.

Together, the EU and the US, the two biggest economies in the world, form a gigantic economic area. They account for half of the world GDP and for a third of world trade. Investment flows in both directions are enormous and the economies are highly interdependent: positive development in the economy and trade strengthens both sides while negative developments weaken them alike. To guarantee that the EU and the US stay in the forefront of economy they need to be the leaders in the global economy based on innovation and modern green technology. They can set an example of how economic growth and the creation of jobs can be supported through closer interaction between the two economic regions.

## **II ACTION PLAN—A HUNDRED AND ONE WAYS TO DEVELOP THE TRANSATLANTIC COOPERATION**

The United States Action Plan seeks to assess the current state of the transatlantic relations and to find new possibilities for cooperation in all areas relevant and interesting to the Finnish society.

At the same time, the Action Plan aims to increase the exchange of views and promote coordination among Finnish actors.

The Action Plan is prepared by the Ministry for Foreign Affairs, in close cooperation with other Ministries and stakeholders from various sectors. The Action Plan will be implemented in close cooperation among Ministries and stakeholders.

# 1. ASSESSING THE GLOBAL ROLE OF THE US

Decisions and actions taken by the United States have profound implications globally. Even though the rise of the large developing economies weakens the relative position of Western societies, the change is gradual and takes place primarily in the field of economy. The United States continues to be the leading superpower, whose political, economic, military, scientific-technological and cultural role is unequalled. Despite the global changes, it is likely to hold its central position in the future as well.

States usually build their international action on national goals and interests, which is also true for the US. Its exceptional position is also based on the role it has assumed as the guarantor of international security and protector of democracy and market economy. Because of its foreign policy and military capabilities and its huge economy, it is capable of pursuing its goals more effectively than others. The US also often expects that other countries support its efforts which benefit the whole international community. In many foreign policy and security issues the US indeed gains wide support. In the economic sphere, European countries and the United States are also competing with each other, as evidenced by occasional disputes in the World Trade Organization (WTO).

The United States has committed to the majority of the international agreements and arrangements, signed also by European countries, such as the Charter of the UN, the OSCE Principles, and the Universal Declaration on Human Rights. The goals relying on these premises are shared by the US, Finland and the other European countries. This being the case, possible differences of opinion between Europe and the United States about foreign and security policy issues or the economy, whenever they occur, are seldom linked with goals and values, but rather with the way they are pursued. Should there be any controversy in the international community about the means of solving a problem, it would be important that all international actors—governments and international organizations—shoulder their responsibility and offer feasible ideas and resources to solve the problem in question.

In foreign policy issues, the United States is a key actor in the international arena. It has assumed a leading role in the management of foreign and security policy issues topping the international agenda, such as the Middle East Peace Process, Iraq, Iran, Afghanistan, Pakistan, the reduction and non-proliferation of nuclear weapons, and the fight against terrorism. The US pursues its goals in international organizations and the UN Security Council

using its influence to the full, for example when international sanctions policies are agreed upon.

The US military position is exceptional and cannot be compared with that of any other country. It is the only country in the world that has divided the entire globe into operational command areas, each with its own headquarters, and that has also the capacity to employ military power all over the world. It plays a key strategic role especially in Europe and the Pacific region, where it is part of alliances or offers security guarantees through bilateral agreements. The US has a significant military presence not only in crisis areas but also in East and Southeast Asia, Europe, the Middle East, Africa, Central America and on the world's oceans. Its military-technological supremacy is substantial. Its military expenditure in 2010 was about 43 percent of the military expenditure of the entire world. The US defense budget has doubled within the past ten years. In the post 9/11 atmosphere investment in security has not been challenged. However, because of the overall weakening of the US economy, discussions on the possible defense budget cuts have started. It is likely that future budget cuts will affect the US military presence around the world, too.

US military supremacy has meant that in international operations that call for military capabilities it is almost automatically expected to take the leadership role. However, in the case of Libya, the United States stepped back from the head position and left the leadership to NATO. This indicates how the present administration is prepared to share responsibility with others, if there are those that are willing to assume the role. In this case European states alongside Libya's neighboring countries and the Arab League took an important role. However, the US has to augment European military capabilities in challenging operations.

Even though economic growth in the world is taking place mainly in the emerging economies, the US economy continues to be the global economy's most significant element. The US share of the nominal world GDP is well over 20 percent. Technologically, it is among the strongest economies of the world, and its finance sector impacts the financial markets everywhere. American universities, research institutes and companies are global leaders in the field of innovations in, for example, the space, IT, medical and defense industries. It has been estimated that 40 percent of all innovations in the world originate in the United States. The purchasing power of private citizens, companies and public sector actors in the country is a marked factor in the world economy, even though in the past few years a substantial share of consumption and investment has been based on foreign loans. The US

is globally one of the most important export markets of energy, especially oil, the car industry, high technology, and industrial and consumer goods in general. The US trade balance has, however, for a long time already shown a serious deficit.

The global financial crisis that originated in the US housing markets in 2008 led to a recession in the United States and later in different parts of the world. Various financial and monetary policy stimulus packages stopped the cycle and launched a short upward trend in the economy. The measures adopted by the G20 group were crucial to the stabilization of the global economic crisis. In 2010, the US GDP grew again at the annual rate of 3 percent, but in 2011 growth has been sluggish and the dispute in the US Congress concerning raising the debt ceiling fueled uncertainty in the markets. Meanwhile, the unemployment rate is expected to remain high for a long time, which together with household debt service expenses will keep consumer demand low. In the future, efforts will be made to prevent the recurrence of financial crises by increasing regulation in the financial markets. The US Congress made a tentative agreement in July 2011 on controlling the federal deficit. The OECD estimates that the US public debt will rise to nearly 100 percent of the GDP at the end of 2011.

Polarization has continued to increase in the US political system in recent years. It will be difficult to make compromises in the present domestic policy climate prior to the presidential election of 2012. The Republicans won the elections in the autumn of 2010, thereby gaining the majority of seats in the House of Representatives, while the Democrats narrowly remained in control of the Senate. Representatives of the so-called Tea Party, on the Republican Party's lists, also won seats in Congress. The Tea Party movement can be regarded as a conservative populist movement, which is barely willing to make compromises with the Democrats, and, which has as one of its key goals minimizing the role of the federal government. Occasionally they push extremely conservative stances, and in foreign policy issues highlight the primacy of domestic issues. Moreover, they often view multilateral cooperation organizations suspiciously, as they are seen to be detrimental to the sovereignty of the United States.

## 2. US FOREIGN POLICY

In the United States, the President and the administration are in charge of foreign policy. The Congress has a central role when decisions are made on the financing of policies and when international agreements are ratified. Even though there are sharp differences of opinion between Democrats and Republicans with regards to many domestic policy issues, cooperation across party lines is often easier in the field of foreign policy. Despite the rhetoric, the goals of most Democrat and Republican administrations are less dissimilar when it comes to the substance of foreign policy, although their ways of expressing and pursuing their goals may differ.

President Barack Obama's administration has underscored cooperation in the conduct of their foreign policy right from the start. By reaching out to various governments the administration sought to improve its relations with countries with which cooperation has previously failed. This policy has led to certain achievements but it has not in all cases succeeded in attaining the desired results.

Diplomacy, development and defense (the 3Ds approach) have been introduced as mutually reinforcing foreign policy means for resolving crises. The capacity to support and build civil societies in crisis areas is being emphasized in a new manner and, therefore, civilian expertise and development financing have gained more importance. "Smart power" refers to picking the right instrument or combination of instruments for each situation. The first Global Development Policy adopted by the United States, which considers development cooperation as an economic, strategic and moral necessity, also underscores the importance of the global sharing of responsibilities. Still, the GNI share of development cooperation remains below the average of the OECD countries, i.e. at 0.2%. The US also reserves the option of military intervention in situations where other means do not work and their own or their allies' interests require such a decision.

Because of its superpower position, the country operates in several key foreign and security policy sectors simultaneously, promotes various negotiation processes, and is in the leading position in crisis areas. At the same time the present administration emphasizes that no country can solve complex international problems alone and comprehensive cooperation and burden sharing are essential.

In efforts to solve global and regional problems the US has sought new methods of operation by convening various informal country groups, at

the same time trying to commit key stakeholders to assuming international responsibility. These groups have attained a powerful position alongside organizations that have an established status. G20 is a central forum in the world economy. The Major Economies Forum on Energy and Climate (MEF), which was launched at the initiative of the United States, partly as an alternative to the Kyoto process, deals with clean energy and climate change between seventeen major economies. Nuclear issues were discussed in the Nuclear Security Summit that convened representatives from 47 countries and organizations in Washington in 2010.

President Obama has set a nuclear-free world as one of his long-term objectives. This goal has been promoted bilaterally, for example with Russia, and in the international Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) in 2010. The US has also shown interest in reforming such 20<sup>th</sup> century institutions as the United Nations, NATO, the International Monetary Fund (IMF) and the World Bank (WB) so that they would more effectively respond to the challenges of the 21<sup>st</sup> century.

Disengagement of US troops in Iraq will be completed by the end of 2011, and responsibility for security will be transferred to Iraq's own security forces and authorities. The US will continue to keep a significant military presence in Afghanistan. Afghanistan is pursuing an internationally adopted strategy which allows the Afghans to eventually assume responsibility for their own security and development. Handing over the responsibility for security to the Afghan authorities started in 2011. The US intends to disengage the majority of its troops by 2014, however, significant number of American soldiers will likely remain there beyond that. The US input in Afghanistan also includes considerable contribution in the form of civilian assistance and development financing.

As for Iran, the Obama administration offered cooperation right from the start, but Iran did not seize the opportunity. Regarding the concern linked with Iran's nuclear program, the UN Security Council decided to impose new sanctions on Iran in the summer of 2010 and, subsequently, the US and the EU reinforced their own sanctions. Iran has since then expressed preparedness to resume the negotiations but continues to be unwilling to discuss the nuclear program. The assassination plot against the Saudi ambassador in Washington, thought to be an operation of the Quds Force of the Iranian Revolutionary Guards, has further weakened chances for cooperation.

Europe remains an important strategic partner for the United States but its

central position is no longer self-evident. The US is not only a transatlantic but also a Pacific power. US foreign policy focuses on the country's numerous alliances in different parts of the world, on the emerging economies and on crisis areas. Nonetheless, Europe is an important partner for the United States when it responds to global challenges. To the US, the transatlantic relationship is to a large extent a security policy matter and is based on NATO cooperation. The United States' closest allies in Europe are NATO member countries. To the US, the European Union, as an institution, is mainly an economic actor and partner in providing comprehensive security. Many issues are addressed bilaterally across the Atlantic or in smaller ad hoc groups of countries. One of the central goals for the US is to integrate all European countries into European institutions. As regards its relations with Russia, the US made a new opening and some positive results have been reached in this cooperation.

Asia's economic and political importance has grown from the US perspective. In Asia and the Pacific region, the United States' closest allies have traditionally been Australia, Japan, Korea, and New Zealand. The Philippines, Thailand, and Pakistan are important partners, too. The US-India relations have deepened as well. The United States' relations with China are characterized by strong interdependency and an effort to take care of common interests. There is also an element of tension, which partly arises from the security guarantee that the United States has granted to Taiwan. The strengthening of China's military capacity has recently prompted many Asian and Pacific countries to seek increasingly close security cooperation with the US.

The US has been promoting the Trans-Pacific Partnership Agreement (TPP). It is intended to form a new 21<sup>st</sup> century agreement, paving the way for similar trade agreements in the future. It may turn out to be a significant new agreement, especially if some of the big economies of the region join it.

The shadow of the terrorist attacks of 9/11 and the recent terrorist attack attempts are the reason why an effective fight against terrorism continues to be a central element in US security thinking. The United States seeks to fight terrorism not only at its own borders but also further away in cooperation with its partners. US border control is strict, especially at airports. Combating the financing of terrorism is addressed by means of closely following international monetary transfers.

The terrorist network al-Qaeda was further weakened after its leader Osama bin Laden was killed in a US strike in May 2011. Bin Laden played a big

symbolic role for the al-Qaeda network as an instigator of terrorist attacks. He also appears to have had a certain operative role in the planning and preparation of attacks. As a result of military pressure in Afghanistan and Pakistan, the leadership of the al-Qaeda organization has been cornered, and the movement has become fragmented. Bin Laden's death is expected to strengthen this development further.

Because of the uprisings in the Arab world, the United States had to reassess its policy on North Africa and the Middle East. The US has decided to support democratic changes and the economic modernization of the region. Extremist movements have not gained a foothold in the Arab uprisings at least to date, which may partly imply that the influence of extremist movements is on the decline in the region.

The Internet's omnipresence has brought new features to foreign policy. In 2010, WikiLeaks started to release reports that had been illegally seized from the systems of the US Defense and State Departments. The massive leak of information has not led to any significant reassessments of US policies and position. According to some estimates, views presented in the reports on the nature of governments of some Arab countries would have played a certain role in igniting the unrest in the Arab world.

### 3. FINNISH-US RELATIONS

Finnish–North American relations, like the relations of many European countries, date back to early migration. The first Finnish citizens moved to the Delaware River Valley as early as 1638 when Sweden set up a colony, New Sweden, in the area.

The general wave of migration from Europe took along hundreds of thousands of Finns, who left their homes in search of a better life, work, adventure, and, in some cases, to escape conscription to the Russian army. It has been estimated that from 1870 to 1930 about 320,000 Finns emigrated to the United States. Approximately one fourth of the early settlers returned to Finland. At present, about 700,000 Americans are of Finnish origin. Americans of Finnish origin celebrate their heritage during the annual FinnFest festival and numerous other events.

The United States recognized Finland's independence in May 1919, after which relations developed quickly. Several bilateral agreements were concluded in the 1920s, concerning, for example, loans, customs issues, harbor dues and visa charges, as well as mediation and arbitration mechanisms. In the interwar period, the US was one of Finland's main trading partners.

During the Second World War Finland and the United States were on different sides of the alliances due to the circumstances. The diplomatic relations between the countries were suspended temporarily but cooperation was reactivated soon after the end of the war. The United States understood Finland's sensitive position as a neighbor of the Soviet Union and avoided any action or initiatives that would have complicated Finland's position. Because of its difficult position, Finland declined the US European Recovery Program, the so-called Marshall Plan. Instead, the US supported Finland by giving out loans via the Export-Import Bank of the US and the World Bank. In the post-war years, Finland and the US signed several economic and trade agreements.

Finland distinguished itself by paying off its loans to the United States even during the depression of the 1930s and showed similar conscientiousness after the Second World War. Finland's good name as a country that repays its loans contributed to the establishment of the academic exchange program, ASLA (*Amerikan Suomen Lainan Apurahat*) in 1949. Finland's installments were directed to finance ASLA student exchanges. ASLA subsequently became part of the Fulbright system and the grant system is nowadays managed by the Finnish Fulbright Center. Since 1949, about 3,500 Finnish and

1,500 American students have participated in the exchange program. Every year, about 70 university researchers or students take part in the program.

During the Cold War, Finland sought to actively reinforce its international position through its policy of neutrality. As a part of this policy, Finland offered its good offices, which had a positive influence on the relations between the superpowers. This led to important meetings in Helsinki. Finland hosted the Strategic Arms Limitation Talks (SALT) from 1970–1972. The chosen foreign policy culminated in a series of meetings of the Conference on Security and Cooperation in Europe (CSCE) and in the signing of the Helsinki Accords in 1975. Finland also actively promoted arms limitation talks by hosting the preparatory meetings of the European Conference on Disarmament (CD) in 1983.

The post-cold war changes in Europe, Finland's EU membership, and its participation in the NATO Partnership for Peace (PfP) have had an influence on relations between Finland and the United States. These have evolved into a normal relationship between two Western countries. At the same time the cooperation has embraced a number of new themes and issues from the global agenda.

In the 21<sup>st</sup> century, the US sees Finland as a small, developed country in the north of Europe, which takes good care of its own affairs. Finland is regarded as a constructive partner and a Western country which shares same goals with the US. Finland is not among the United States' closest allies, and does not cause crises or problems. Therefore, Finland is not a key focus of attention in US foreign policy.

For security policy reasons, it is also important for Finland to maintain good relations with the US both bilaterally and through the EU and NATO PfP. From Finland's perspective, the United States has a central role in security policy.

Even if Finland is not a particularly well-known country to Americans, several strong sectors in Finnish society, such as education, green technology and culture, have attracted much interest.

The United States for its part is an important partner for cooperation for Finland and the Finnish society in many areas. Finland's own dynamic development is significantly boosted by networking in the US, which opens up substantial opportunities in many different sectors.

The range of bilateral relations covers all branches of society. The political leadership, Ministries, research institutes, the business community, universities and cultural establishments liaise extensively both in Washington DC and elsewhere in the US. In Washington DC contacts are maintained particularly with the administration, Congress and foreign policy think tanks with the aim to make Finland and its goals better known. Finland is promoted in the US through a wide network of contacts not only at the official level but also by means of dynamic communications and cultural activities, which also help disseminate information about Finland to the public at large.

Chambers of commerce and friendship associations contribute actively to the creation of contacts. Of the eight chapters of the Finnish-American Chamber of Commerce in the US, the oldest one was set up in New York in 1948. The Chambers have both individuals and companies as their members. The American Chamber of Commerce in Finland (AmCham Finland) has a membership of about 260 Finnish and American businesses. AmCham Finland specifically promotes the business community's interests and contacts. The Atlantic Council of Finland gathers top experts and actively promotes discussion, especially about transatlantic security policy cooperation. The League of Finnish American Societies (SAYL) is an active civil society organization, which bolsters cultural, scientific and student exchanges between Finland and the United States. SAYL is one of the largest US friendship associations in the world with a membership of about 9,000 persons. Student exchange is conducted by organizations such as Youth for Understanding (YFU), which concentrates on exchange programs at the high school level.

Twin city and other friendship arrangements between cities and towns have also fostered contacts between people. Individual citizens, such as artists, athletes and persons at the top of their own field of expertise also contribute considerably to the image of Finland in the US.

## 4. EU–US COOPERATION

In addition to bilateral cooperation, Finland takes an active part in the transatlantic cooperation between the EU and the US.

For decades during the Cold War Europe was the focus of foreign policy attention for the US, as Europe was in need of economic, political and military support. Now that Europe is stronger the US expects it to participate as an equal partner in international problem-solving efforts and burden-sharing.

Transatlantic relations pivot around economic issues, as the economies of Europe and the United States are firmly interlinked: they are each other's biggest trading partners, accounting for as much as a third of the volume of world trade. The economic and financial crisis of 2008 showed how quickly an economic crisis crosses the Atlantic. This heightens Washington's concern for the problems of the euro zone countries. Similarly, the federal debt of the US creates anxiety in Europe. The global economic crisis has increased the need for enhanced cooperation in matters relating to economic policy, financial regulation and the activities of the international finance institutions. Hence, the economy has risen to the top of the transatlantic relationship agenda.

Europe has also made note that the US devotes increasing attention to emerging economies, allies and strategic partners in other continents and crisis areas. Especially China's rapid economic development and, more generally, the growing significance of Asia, continue attracting attention in the US. The emerging economies have gained in a new way access to global economic decision making through the G20.

Europe is still the United States' closest partner in several sectors. The EU–US partnership is grounded on a common history and model of democratic society. Their goals generally coincide: strengthening democracy, promoting the rule of law and human rights, non-proliferation of Weapons of Mass Destruction, solving regional conflicts and supporting failing states, fighting terrorism, promoting free trade, and improving energy security. However, on the opposite sides of the Atlantic there are at times diverging views in some respects about the means to these ends. Even in such situations, the EU needs to underscore the interdependence of means and values and actively offer tools and resources to help solve the problems.

The United States views Europe not only through the EU, but inter alia, through close bilateral relations with the European countries, the NATO al-

liance, the European Organization for Security and Cooperation (OSCE), and various ad hoc country groups.

The EU strives to build up its common foreign and security policy and operational capacity in order to be able to respond to the challenges and problems of our day. Despite a large number of successful EU civilian crisis management operations, the development of the Common Foreign and Security Policy is still ongoing. Additionally, the functioning of the CFSP is often hampered by Member States' insufficient commitment to achieve a common position or action. Therefore, the Union's foreign policy influence still lags behind its economic impact. More internal work is needed in order to become a sufficiently capable foreign policy player which functions as a credible partner alongside the US and other actors when addressing global issues.

Over the years, the focus of cooperation between the EU and the US has shifted from the management of bilateral relations to the handling of issues on the global agenda. In the future, the EU and the US will need each other even more in order to be able to pursue their common interests and to solve international problems. In foreign policy issues they share by far the greatest responsibility and are better able to reach their goals when working side by side. They need to intensify their efforts to find a common approach in international negotiation processes, and in solving global problems.

The current cooperation between the EU and the US covers every important topic ranging from foreign and security policy, and economy to environmental and development issues. The top leadership of the EU and the US—the Presidents of the United States, the European Council, and the Commission—convene annually for a Summit to discuss topics of current interest. Examples of the collaboration over the past few years include the creation of the Transatlantic Economic Council (TEC) and the EU–US Energy Council, launching the transatlantic development dialogue, and setting up an EU–US Working Group on Cyber-security and Cyber-crime.

The European External Action Service (EEAS), led by the High Representative for Foreign Affairs and Security Policy, keeps in close contact with the US Secretary of State. In addition, the EU countries' foreign ministers and the High Representative meet the US Secretary of State during the UN General Assembly. EU Commissioners and their US counterparts convene for official meetings or informally. The transatlantic agenda is prepared and developed in a number of working groups, such as the Working Group on Transatlantic Relations (COTRA).

Reduction of non-tariff barriers to trade and cooperation on regulation convergence is of fundamental importance for companies. At the Commissioner/ministerial level, the TEC aims at strengthening economic collaboration and develop the transatlantic market place by reducing barriers to trade and investment.

The development of the green economy will open up opportunities for major economic growth. Energy has risen in importance and is now a central part of the transatlantic agenda. The EU–US Energy Council, which was established in 2009, has primarily promoted energy security, but has also paid attention to renewable energy sources and energy policy. Finland can especially contribute to the transatlantic cooperation in questions relating to clean energy.

Finland was active in initiating the EU–US high level dialogue on climate change, clean energy and sustainable development launched in 2006. Ever since, climate issues have remained on the transatlantic agenda. The cooperation on climate issues is currently guided by the Copenhagen Accord, adopted in the Copenhagen Climate Change Summit, to which both the US and the EU committed themselves at the Cancún conference in 2010.

#### **Objectives:**

- 1. To strengthen the EU's external capability, which is also a precondition for the strategic partnership and foreign policy cooperation between the EU and the US;**
- 2. To promote common strategic goals in a coordinated manner, in economy, foreign and security policy, internal security, human rights and democracy promotion, climate change and energy issues, the green economy and clean technologies as well as in development policy;**
- 3. To deepen cooperation between the EU and the US with the aim to influence global developments;**
- 4. To aim at concrete results in the EU-US summit meetings.**

## **5. FOREIGN AND SECURITY POLICY**

### **5.1. The Baltic Sea Region and Northern Europe**

The strategic position of Northern Europe and the Baltic Sea Region changed with the end of the Cold War. The Baltic states' accession to NATO and the EU helped stabilize their international position and democracy. The United States is committed to the security and stability of the Baltic states through their NATO membership, and the Baltic states highly value their bilateral relations with the US, as well. The region's development has contributed to the stabilization of Northern Europe as a whole. The Baltic Sea states are engaged in close and diverse cooperation with each other, and also Russia takes part in it.

Key themes in the foreign policy cooperation between the Nordic and Baltic countries and the US include the economy, crisis management and counter-terrorism, cyber-security, combating climate change, Arctic issues, nuclear safety, energy security, the prevention of marine pollution as well as action to support reforms in third countries.

The US conducts regular political dialogue with the Nordic and Baltic countries within the EPINE (Enhanced Partnership in Northern Europe). The cooperation was launched at the initiative of the Baltic states and it complements bilateral and institutional cooperation.

The United States has observer status in the Northern Dimension (ND) policy between the EU, Russia, Norway and Iceland. So far, the US has not actively participated in ND cooperation. However, the Northern Dimension Partnership on Transportation and Logistics (NDPTL) may be of interest to the US because it is expected to develop into a significant forum for discussion on such issues as the Arctic sea routes between the EU, Russia, Norway and Iceland.

#### **Objectives:**

- 5. To ensure that the US retains an interest in the security, stability and wellbeing of Europe, the Baltic Sea Region and Northern Europe. To engage in varied practical cooperation on mutually interesting issues;**
- 6. To develop and renew the EPINE format as a forum for regular political dialogue between the Nordic and Baltic countries and the US, laying greater emphasis on topical special themes and collaboration between researchers;**

7. To step up cooperation with research institutes in Washington DC on issues concerning the Baltic Sea Region and Northern Europe;
8. To promote collaboration between the Nordic Council of Ministers and its Northern neighbors in the West, including the US.

## 5.2. Russia

The US administration's new Russia policy, the so-called reset policy, has had a positive impact on the bilateral relationship between the United States and the Russian Federation. It has also helped to improve Russia's relations with many European countries and NATO. The aim of the reset policy is to proceed in areas where sufficient potential for progress exists. Concrete results include, inter alia, the Strategic Arms Reduction Treaty (START) that entered into force between the United States and Russia in February 2011, the agreement on transportation of materiel to Afghanistan via Russia and the US-Russian agreement on the terms for Russia's accession to the WTO. Russia also returned to the NATO-Russia Council, where, among other things, missile defense cooperation is discussed. After the successes in the early phases of the reset policy, however, similarly spectacular results are hardly likely. US-Russian cooperation occurs on many levels and the future objective is to increase economic cooperation in particular. Safeguarding European countries' energy security is also an important goal for the US.

As a bordering country, Finland has a particularly good opportunity to evaluate developments in Russia, which makes Finland an interesting partner in matters concerning Russia. Finland's views about Russia generate interest in the US.

### Objectives:

9. To intensify cooperation with the US to promote democracy, stability and wellbeing in Russia;
10. To encourage Russia to engage in closer international cooperation;
11. To increase dialogue and cooperation between the EU, the US and Russia on key sectors such as the economy, energy, the environment and climate change, as well as security and foreign policy.

### 5.3. The Arctic region

Interest toward the Arctic region has grown substantially. The region's economic potential and the prospect of new transport routes open up new opportunities. They also impose new challenges to the particularly vulnerable Arctic environment. An estimated 20–30 percent of the world's non-extracted gas reserves and ten percent of the oil reserves are located in the Arctic.

Finland and the United States are both Arctic actors with interests in the northern areas. The countries have outlined their goals in their respective national Arctic strategies. The US strategy focuses on security and questions concerning the economic zone and sea borders. Both countries emphasize, for example, Arctic research and circumpolar observation networks, the protection of natural and environmental diversity, and the sustainable use of natural resources. The Arctic Council is the most important forum for Arctic cooperation, which is why Finland has proposed that the Arctic Council's mandate be strengthened. The US Secretary of State participated in the Arctic Council Foreign Ministers' meeting for the first time in Nuuk in May 2011, which for its part reflects growing appreciation of the Arctic Council's work in the US.

Finland has sophisticated Arctic expertise in seafaring, oil spill response, environmental technology and technologies enabling exploitation of natural resources as well as in Arctic medicine. Commercial cooperation related to Arctic expertise interests the US. One important area of cooperation in the Arctic is search and rescue services, and Finland takes an active part in the Arctic Council's Search and Rescue Task Force. An intergovernmental agreement on search and rescue operations in the air and at sea in the Arctic region was signed at the Council's Foreign Ministerial meeting in May 2011. The meeting also decided to start negotiations on an agreement relating to oil spill prevention and management. Finland can make available its expertise in meteorology, Arctic sea traffic, and the prevention of emissions. The same applies to search and rescue service techniques and procedures.

#### Objectives:

12. **To promote cooperation and trade linked with Arctic expertise with the US; to encourage expert mobility with the US, for example, in the search and rescue services;**
13. **To enhance cooperation relating to the Arctic environment and environmental health and international cooperation between circumpolar observation networks;**

14. To continue cooperation in further strengthening the Arctic Council;
15. To gain US support for granting the EU a permanent observer status in the Arctic Council.

#### **5.4. Cooperation in regional crisis management**

Solving regional crises is one of the most central foreign and security policy goals and, therefore, an important area of cooperation between Finland and the United States. The United States is a key player in most crisis areas, but Finland is also engaged in many crisis solving efforts.

Resolving international crises may include precautionary measures and efforts to prevent further escalation, and prolonged negotiations and efforts to avoid a conflict. When a conflict has erupted or negotiations have ended without results, military crisis management may be necessary. Civilian crisis management, reconstruction and long-term development cooperation are also of great importance. Because of differences in size and resources, the US and Finland play different roles in crisis management. Nonetheless both countries are involved in the resolution of most crises as participants in the international burden-sharing.

The US invests significant political capital, military and civilian crisis management resources, and development financing in solving crises. It is often the key initiator or most influential actor when deciding how to address problems in crisis areas. In a number of areas the US is in practice the lead nation even if other key actors—organizations and states—are making important inputs.

As a responsible member of the international community, Finland shoulders its share of international crisis management and peacebuilding efforts. Finland itself is dependent on international stability and security. Finland seeks to contribute to the stabilization of crisis areas through political, economic and military means and by participating in civilian crisis management and development cooperation, aiming at a comprehensive approach. Politically Finland's participation may have more impact than the size of its input would suggest when broad based international approach facilitates settlement of the crisis. Finland participates in crisis management in UN-, EU-, OSCE- or NATO-led civilian and military crisis management operations.

A resolution on peacebuilding, proposed by Finland and Turkey, was adopted by the UN General Assembly in June 2011. The goal is to increase

support for peace mediation and to strengthen cooperation and coordination between peace mediators. The Group of Friends of Mediation was set up in September 2010 to support the resolution. The Group comprises of the UN, some member states and regional organizations.

One of the key target areas of crisis management is Afghanistan. The largest post-war group of countries in history is participating in its stabilization, contributing sizable civilian, military and development aid resources to Afghanistan. The US is the biggest contributor in all three areas. Finland participates in crisis management in Afghanistan from the basic premise that our participation, together with other international actors, can bolster stability, democracy and human rights in the country. The goal is that Afghanistan's own government will have the capacity to secure the safety and wellbeing of its citizens. Finland participates in the NATO-led ISAF operation and the EU-led police operation EUPOL and supports Afghanistan through development aid. The objective is to gradually transfer responsibility for the security and development of the country to the Afghan authorities. When the strength of the ISAF operation is scaled down, the activities will focus more on supporting civilian aid. As the transition progresses Finland's focus will shift from military crisis management to civilian tasks and development cooperation. Finland is prepared to support Afghanistan for the long-term and continues to channel resources also to northern Afghanistan. Finland participates in the work of the International Contact Group on Afghanistan and Pakistan, which was set up as a US initiative.

Finland encourages and supports US efforts to solve the Middle East conflict. The US plays a key role in the peace negotiations between Israel and the Palestinian Authority, but recently it seems to have had limited options to push the process ahead. This has raised expectations on an increased EU role. Finland is prepared to support the EU's role as a mediator. Finland supports the work of the Middle East Quartet through the EU and grants financial support. Finland also continues its long-term civilian and military crisis management participation. Finland is making preparations to deploy about 200 personnel to the United Nations Interim Force in Lebanon (UNIFIL) in early 2012 in cooperation with Ireland. Participation in this operation would raise the level of Finland's military crisis management contribution and strengthen Finland's input in UN crisis management.

Finland supports the efforts of the P5+1, the IAEA and the US in solving Iran's nuclear issue. Finland has fully supported the UN and EU sanctions against Iran. Finland is very concerned about the continually deteriorating human rights situation in Iran.

Soon after the uprising broke out in Libya, Finland actively promoted international sanctions against the Gaddafi regime. Once the international military operation was launched, Finland contributed 2.85 million euros in humanitarian aid to conflict victims in Libya through international organizations and is ready to participate in the reconstruction of the country.

Bosnia and Herzegovina and Kosovo are expected to remain priorities on the US Balkan policy agenda. The United States played a critical role in ending the Balkan wars and restoring stability to the region. Once the conditions improved, the EU's role has grown. In the future, the EU will have a central role in bringing the countries gradually toward a membership in the Union. The EU and the US are engaged in close cooperation with each other in order to reinforce stability in the Western Balkans and to support the countries in the region in their EU and NATO membership aspirations. Even though the conditions in the Western Balkans have improved, a US presence is considered necessary to ensure the effectiveness of the stabilization measures. Finland has contributed considerable resources to the region and continues to deploy staff to the NATO-led KFOR headquarters in Kosovo and to participate in the European Union Rule of Law Mission EULEX. Both Finland and the US make a significant input to the biggest civilian crisis management operation of the EU.

The EU and the United States strive to conduct a uniform policy in initiatives supporting developments in Eastern Europe, the South Caucasus and Central Asia. Finland's action is based on measures that support political and economic stability in the region and encourage the countries to engage in mutual economic cooperation. The European Union supports the development of the region through its Eastern Partnership and its Central Asia Strategy. As a Member State of the EU and the OSCE, Finland takes an active part in the efforts to resolve conflicts in Georgia (South Ossetia and Abkhazia), Moldova (Transnistria) and Nagorno-Karabakh between Armenia and Azerbaijan.

Finland and the US have taken part in efforts to deter piracy and they also support the Transitional Federal Government of Somalia in the training of its security forces. Finland, like the US, also considers it important to support stability and development in South Sudan, the development of relations with North Sudan, and the peace mediation work of the African Union Mbeki Panel.

The US plays a key role in enhancing African crisis management capacities. In the framework of a program managed and funded by the United States,

about 20 African battalions per year have been trained to serve in crisis management tasks led by the UN, the African Union, and African sub-regional organizations. Finland has also strengthened its support to the crisis management capacity in Africa.

The US takes part in the European Union's civilian crisis management operations as an important non-EU country. The framework agreement on the participation of the United States in European Union crisis management operations was signed in Washington DC in May 2011.

#### **Objectives:**

16. To participate in international military and civilian crisis management operations as a part of international burden-sharing;
17. To enhance cooperation with the US on the basis of a comprehensive approach to crisis management;
18. To actively make available Finnish expertise in peace mediation;
19. To increase development cooperation appropriations in the spirit of comprehensive crisis management. The goal is to promote security in a comprehensive manner in areas where Finland supports peace mediation, peacekeeping and crisis management tasks;
20. To increase cooperation with the US to implement the UN Resolution 1325 (Women, Peace and Security) and Resolutions 1820, 1888 and 1960 (to prevent sexual violence against women in conflict situations);
21. To support cooperation between the EU and the US in crisis resolution and civilian crisis management;
22. To promote US commitment to the resolution of conflicts in Eurasia.

### **5.5. NATO, Partnership for Peace and the OSCE**

NATO is the principal transatlantic security alliance and forum for discussion on stability and security in Europe. It is a concrete manifestation of the US presence in Europe. NATO has undergone a process of change and among other things assumed new responsibilities in international crisis management outside its own area. The process of change is continuing, steered by the new Strategic Concept, adopted in the Lisbon Summit in 2010.

NATO standards, criteria and guidelines form a common foundation for international defense materiel and military cooperation.

Finland takes an active part in the cooperation and development of partnership and cooperation programs that are open to the Partnership for Peace (PfP) countries. This cooperation also contains a transatlantic dimension. Finland is engaged in regular political dialogue with NATO and can participate in NATO-led crisis management operations. In addition, Finland participates in NATO's civil preparedness cooperation, with representatives from many administrative branches. Several Finnish experts are involved in NATO's civil emergency planning.

The Organization for Security and Cooperation in Europe (OSCE) has a role of its own in transatlantic cooperation because it gathers the US, European countries, Canada, Russia and Central Asian countries around the same table. The wide membership base, the comprehensive concept of security, and jointly adopted principles lay a foundation for developing political dialogue and practical cooperation in the three dimensions of the OSCE (politico-military, economic and environmental, and human dimension) as well as in conflict prevention, crisis management, and transnational threats. Cooperation in the OSCE also contributes to transatlantic cooperation. The US also plays a key role when decisions are made concerning the future of the Treaty on Conventional Armed Forces in Europe (CFE).

#### **Objectives:**

- 23. To continue cooperation between Finland and NATO taking into account NATO's New Strategic Concept and other decisions, including PfP reforms;**
- 24. To continue to contribute to NATO-led crisis management operations, development activities and exercises, and to promote PfP and partner countries' participation in planning and decision-making processes;**
- 25. To support closer cooperation between NATO and the EU and NATO's cooperation with the UN, OSCE and other international and regional organizations;**
- 26. To promote transatlantic cooperation within the OSCE, based on the organization's comprehensive security concept and work on conflict prevention and resolution of conflicts.**

## **5.6. The UN**

As a permanent member of the Security Council as well as its biggest financier, the US holds a central position and responsibility in the UN. During President Obama's term in office, the US position toward both multilateral-

ism and the UN has become more positive. Even though US activities in the world organization focus on the functions of the Security Council, it has recently brought up many other issues in the UN as well, such as the need to step up the reform of the organization, women in conflicts, and food security. For Finland, it is vital that the United States holds an open-minded and positive approach to the world organization. The US contribution to the attainment of the key UN goals and to the development of the organization is critical. Finland's possible membership in the Security Council would open up further opportunities for strengthening the UN system in cooperation with the United States.

The UN Secretary-General has appointed President Tarja Halonen as co-chair of the UN High-Level Panel on Global Sustainability. The outcomes of the Panel meetings will be used in the preparations for the UN Conference on Sustainable Development (Rio+20). The United States is represented by its UN ambassador.

#### Objectives:

27. To encourage the US to continue its commitment to well functioning multilateral cooperation and its development;
28. To work with the US so as to make the UN more efficient and to strengthen the organization's operational capacity;
29. To enhance cooperation in the UN with the US in areas such as peace mediation, human rights, equality and minority issues as well as the eradication of poverty;
30. To encourage the US to continue its commitment to the UN's work for sustainable development by advocating the recommendations of the High-Level Panel on Global Sustainability.

### **5.7. Defense policy and defense materiel cooperation**

The US is Finland's most important bilateral defense partner. The cooperation is essential in defense policy, development of military capabilities, and participation in international military crisis management. Defense policy cooperation helps maintain and strengthen the bilateral relations between the defense ministries, laying a foundation for other cooperation in the field. It is important to Finland that the United States regards Finland as a reliable partner for cooperation in the defense sector.

Cooperation is crucial not only in defense materiel procurement but also in research and development (R&D). The US is a leading edge manufacturer

and developer of modern defense technology. Despite growing cooperation in Europe, US will retain its position, because the volume of its investment in defense related R&D is by far in a class of its own. The main goal of Finland's cooperation with the US is to ensure that the modern defense materiel required for Finland's national defense capability is available and can be maintained, including security of supply and cost-effective procurements. This also fosters the Defence Forces' international interoperability and promotes the competitiveness of the defense industry in Finland.

Interoperable troops and defense materiel are essential in order to strengthen military capabilities and the capacity to receive assistance, as well as for being able to participate in international military crisis management. Like other EU countries Finland cooperates with the US, for example, in developing concepts, in training, exercises and experimentation as well as in promoting military interoperability, such as standards and procedures. The areas of cooperation in military crisis management include training, logistics and the performance requirements set by comprehensive crisis management.

The Finnish Defence Forces have liaison and exchange officers in the US Armed Forces' command structures. In addition, Finnish officers are also studying in the training establishments of the US Armed Forces.

Cooperation in the field of defense materiel is based on a Memorandum of Understanding between Finland and the US concerning reciprocal defense procurement. It aims, among other things, to remove barriers to trade in the Governments' defense procurements. Another basis for this cooperation is the Declaration of Principles, signed by the Finnish Ministry of Defence and the US Department of Defense in 2007. The Declaration lays a foundation for cooperation in the fields of security of supply, export control, and R&D, among others.

Bilateral defense materiel cooperation with the US is vital to guarantee the usability of certain arms systems that require top-level technological expertise. The most important area of cooperation at present is updates to be procured from the United States, such as F-18 Hornet interceptor equipment and related upgrades and ammunition supplies. Other ongoing cooperation includes multilateral R&D projects related to communications technology and the Navy's vessel technology. In addition, there is US-Finnish military cooperation in command systems and information security.

## Objectives:

31. To strengthen defense cooperation in Finland's core competencies, such as crisis management and technological expertise, and to reinforce cooperation between the defense authorities;
32. To improve bilateral defense materiel cooperation and procurements that serve Finland's national defense, ensuring their updates and maintenance;
33. To promote Finnish expertise and businesses in the defense sector in US defense industry projects;
34. To support Finnish liaison officers' continued access to exchange programs in the US Armed Forces command structures and military headquarters, as well as to programs in US military training institutions.

## 5.8. Non-proliferation of WMDs

The US administration's strategic goal is the non-proliferation of weapons of mass destruction (WMDs), especially the prevention of the spread of nuclear weapons. President Obama's declared long-term goal is to rid the world of them altogether.

This goal of non-proliferation is shared by the EU, because should nuclear weapons fall into the wrong hands, not only the US, but also European countries could become targets of nuclear attacks or nuclear terrorism. The possibility that non-state actors might get hold of nuclear materials can be considered a real threat. Finland and the US have taken an active part in the work to prevent the proliferation of WMDs in the framework of the Nuclear Non-Proliferation Treaty (NPT).

President Barack Obama initiated a Nuclear Security Summit in Washington in 2010, which Finland also attended at the head of state level. The Summit agreed on a Work Plan aimed at securing all vulnerable nuclear material within four years. Progress will be evaluated in a new summit scheduled to convene in Seoul in 2012.

Finland takes an active part in the Global Partnership program launched by the G8 countries, which supports the non-proliferation of WMDs, disarmament, and the upgrading of nuclear security and nuclear safety in the territory of the former Soviet Union, and globally.

Finland also actively participates in the implementation of the UN Security Council Resolution 1540 to prevent terrorists from gaining access to WMDs,

that is, nuclear, chemical or biological weapons. To attain the goal, the resolution establishes a number of juridical and technical obligations for UN Member States.

Finland is involved in the Global Initiative to Combat Nuclear Terrorism (GICNT). Its mission is through practical cooperation to prevent terrorists from acquiring, transporting and using nuclear material or radioactive substances or explosives containing them. The initiative also aims to prevent possible hostile acts against nuclear plants. Finland also takes part in the Proliferation Security Initiative (PSI), launched by the US, which seeks to prevent proliferation of WMDs by encouraging international cooperation to stop and seize suspect cargo, vessels and aircraft.

In 2012, Finland is set to host a conference on the establishment of a Middle East zone free of nuclear weapons and all other weapons of mass destruction. Finland will be the facilitator for the project. The WMD-free zone, if realized, would constitute a major step in advancing peace and stability in the region. The conference will for its part be a way to promote dialogue on security issues among the countries in the region. Finland also advances the entry into force of the Comprehensive Nuclear Test-Ban Treaty (CTBT) in the interest of nuclear nonproliferation.

#### **Objectives:**

35. To continue the well functioning cooperation in the Nuclear Security Summit process, Global Partnership Program, implementation of the UN Security Council Resolution 1540 and the GICNT and PSI initiatives;
36. To promote, as a part of the implementation of the NPT Treaty, a WMD-free zone in the Middle East and a nuclear-free world in general;
37. To promote the entry into force of the Comprehensive Nuclear Test-Ban Treaty.

### **5.9. Human rights, democracy and gender equality**

Human rights policy is a key area of interest in both Finnish and US foreign policy. Promoting human rights, democracy, the rule of law, and gender equality are important themes of cooperation both bilaterally and in the EU context.

In the UN human rights fora, the US administration has sought cooperation and partnerships in implementing international human rights policies.

The United States backed down from its earlier negative position concerning the UN Human Rights Council and was elected to the Council in 2009. The council's Universal Periodic Review evaluated also the national human rights record of the US in 2010 and issued recommendations to improve the human rights situation.

The current US administration emphasizes the promotion of women's rights. This has been manifested, for example, in its viewpoints on reproductive health, and activities related to women's position in crisis areas, such as Afghanistan. In the UN Security Council, the US has taken an active part in the handling of resolutions relating to the position of women and sexual violence in conflicts. The administration is considering the submission of the Convention on the Elimination of All Forms of Discrimination of Women for ratification by the Senate. In addition, the US has underlined the rights of sexual minorities especially in multilateral human rights fora. The ratification of the Convention on the Rights of the Child is under consideration and in 2010, the US adopted the UN Declaration on the Rights of Indigenous People.

The US follows the human rights situation in different countries. In Finland, its interest has been targeted at violence against women, human trafficking, discrimination against foreigners and Roma people, as well as violence against sexual minorities. Meanwhile, issues of interest for Finland are the closing of the Guantánamo detention facility, the position of minorities, including indigenous people, and the death penalty issue. The EU works actively in order to abolish the death penalty in the United States.

US practices in counter-terrorism are an important theme for Finland. The EU-US Legal Advisers dialogue provides an opportunity to underscore the importance of international humanitarian law and respect for human rights in the fight against terrorism. The US approach to the international law, in general, and to the role of the International Criminal Court ICC, in particular, is of key significance.

Finland is involved in the intergovernmental organization Community of Democracies, inaugurated by the United States and Poland in 2000. Finland was accepted into the Governing Council set up for the organization at the UN General Assembly 2011.

#### **Objectives:**

- 38. To strengthen cooperation with the US in promoting democracy, the rule of law, human rights and gender equality and to**

pay particular attention to the improvement of the status of the most disadvantaged, such as persons with disabilities and sexual minorities;

39. To encourage the abolition of the death penalty in the US and promote respect for human rights and compliance with international humanitarian law in the fight against terrorism. To develop cooperation between the EU and the US on multilateral human rights fora, such as the UN Human Rights Council.

## **5.10. Development policy**

Being the largest economy in the world, the United States plays a key role as a donor country, and the current administration places particular value on development efforts as an element in the resolution of international crises and problems. Development cooperation is seen as part of wide range of instruments (Development, Diplomacy, Defense). The United States is a policy maker and active player in development policy matters and, therefore, a significant partner for the EU and Finland.

The Transatlantic Development Dialogue, initiated in 2009, seeks to intensify the discussion on development policy issues between the EU and the US, on the one hand, and to concretely intensify cooperation in selected countries on the other. Finland actively supported the launch of the Transatlantic Development Dialogue. The foundation for the cooperation is excellent. Together the EU and the US are the biggest economies and the most important development cooperation players in the world, jointly responsible for about 80 percent of official development aid and 85 percent of humanitarian assistance. The values and goals that give guidance to their development policy are highly parallel, especially since the introduction of President Obama's development policy in 2010.

The main themes of the EU–US Transatlantic Development Dialogue are food security, climate change and the UN Millennium Development Goals (MDGs), including health. Cooperation on these issues takes place at country and policy levels. As regards food security and climate change, a number of pilot countries have been chosen in which the US and the EU pledge to engage in closer cooperation and coordination of activities. On Finland's proposal, Zambia was chosen as one of the target countries for food security, and in Vietnam climate change will be in focus. A common goal is to better take the least developed countries' interests into account as well as to promote economically, socially and ecologically sustainable development. At the same time, efforts can be directed to help solve crises and prevent

conflicts. The idea to extend cooperation to the theme of development and security was presented at a High Level Consultative Group meeting in June 2011. In addition to what was agreed in the previous year, the 2011 Summit produced a roadmap to make aid more effective, including coordination of action as well as transparency and accountability in development cooperation.

The EU and the United States are engaged in a strategic dialogue at the policy level and should try to increasingly seek common positions in international fora and in meetings where development policy guidelines are established. A very important landmark in this regard was the High Level Forum on Aid Effectiveness.

Interesting opportunities for cooperation also open up bilaterally and in ad hoc country groups. Joint interest in such matters as improvement of the status of women and the most disadvantaged groups enables Finland and the US to carry out concrete projects in developing countries bilaterally or in cooperation with other donor countries. For example, Finland and the US have engaged in collaboration regarding the promotion of the rights of disabled persons through development cooperation.

#### Objectives:

40. To further develop the EU–US Transatlantic Development Dialogue and practical cooperation in order to eradicate poverty and support sustainable development. To draw on the consistent development policy guidelines, and to ensure that this cooperation is kept high on the political agenda, including on summit meetings' agendas;
41. To increase strategic political dialogue between the EU and the US and to coordinate positions in international fora and meetings where development policy is outlined, for example to defend the OECD-DAC principles with regard to emerging donors. In addition, to intensify EU–US practical cooperation and coordination in the field by tapping into the experience gained from priority themes and in pilot countries;
42. To support organizations that Finland considers interesting such as the International Association of National Public Health Institutes. To simultaneously improve cooperation on topics related to national health and health security;
43. To act jointly on interesting issues bilaterally or in ad hoc groups, supporting jointly set programs and projects; to finance the Global Alliance for Clean Cookstoves initiative to empower women, taking note of Finnish expertise in forestry.

## **6. JUSTICE AND HOME AFFAIRS**

Making the movement of people, goods and capital as free and as secure as possible is a shared goal for the United States and Europe. This calls for close and efficient cooperation in preventing international crime and terrorism. This requires an intensified exchange of information and cooperation between security authorities. Transnational crime can only be combated through extensive international collaboration.

The cooperation between Finland and the United States in justice and home affairs is based on smoothly functioning bilateral and multilateral arrangements. The countries largely share the same premises and goals regarding multilateral civilian and criminal justice cooperation in the framework of, for example, the UN, the Hague Conference on Private International Law, the OECD, and many other cooperative arrangements.

The collaboration between the EU and the United States in justice and home affairs is close and facilitates bilateral cooperation. The purpose is to agree at EU level on large and comprehensive agreements and to set the general framework for bilateral cooperation. The EU and the US meet at ministerial level twice a year. In addition, dialogue is carried on at the expert level.

A growing area of cooperation is international civilian crisis management operations. Finland contributes to them by participating also in action against organized crime and terrorism and in the development of police, border security and judicial administration. As a new area of cooperation, the EU and the US established a Working Group on cyber-security in early 2011. The aim is to prevent cyber-crime and to find a common means to respond to attacks carried out over the internet. Because of the supranational character of cyber threats, the United States seek the closest possible international cooperation with like-minded countries. Due to its regulatory role, among other things, the EU plays an important part in this cooperation.

### **6.1. Mobility of persons and goods**

Because of the extensive flow of passengers, goods as well as financial transactions between the EU and the United States, attention must be paid to combating the side effects of globalization and cross-border crime. The EU and the US have concluded an extradition agreement and an agreement on mutual legal assistance, which are complemented by bilateral agreements between the EU Member States and the US.

Finland is among the 36 countries participating in the US Visa Waiver Program. The United States requires that the participating countries meet certain criteria to be accepted into and to remain in the program. Since 2010, the United States has required that tourists fill out an online application, ESTA (Electronic System of Travel Authorization), in order to be eligible for travel to the country. Since autumn 2010, the ESTA application has been subject to a fee. The EU Commission pays close attention to visa reciprocity and maintains that all of its Member States should be treated equally. Of the EU Member States, Poland, Bulgaria, Romania and Cyprus are not in the program.

Bilateral cooperation in border and maritime security is maintained and developed between the respective authorities, with an emphasis on the exchange of experiences, information and best practices relating to border security systems and border security in general.

## **6.2. Immigration and asylum issues**

Regarding immigration and asylum issues, cooperation is focused on multilateral cooperation. Finland and the United States premise their asylum and refugee policies on a similar foundation: the Geneva Convention relating to the Status of Refugees, the resettlement of refugees as an established part of policy and the reception of independent asylum seekers. Another shared aspect is that both countries have a common border with a country where living standards are considerably lower. These factors are examples of the reasons why information exchange and maintaining contacts with the United States on immigration and asylum issues is especially important in multilateral fora.

## **6.3. Cooperation in the prevention of cross-border crime and terrorism**

The cooperation between Finland and the US in the prevention of crime and terrorism works well and is based on good bilateral relations. The need for cooperation has grown, however, as a result of increased international trade and mobility. Cyber-crime is also increasing and requires closer cooperation.

Extensive terrorist attacks and attempted attacks aimed at the US have resulted in a wide consensus in the American society over measures to combat terrorism. The US has sought to build a preventive system that is as impenetrable as possible and this includes cooperation with partner countries. Adherence to fundamental rights and international treaties is a basic requirement for sustainable counter-terrorism.

Finland shares the view that every terrorist attack, regardless of where it occurs, is an act against international law, a violation of human rights and an attempt to undermine security and stability. Finland considers it crucially important to take part in international cooperation to fight and prevent terrorism. By its actions, Finland strengthens its own security and that of the EU area, and, through cooperation, the security of partner countries. Therefore, it is crucial for Finland to ensure that its own ability to fight terrorism stays relevant as circumstances change.

Finland's National Counter-Terrorism Strategy, published in 2010, is an important tool for maintaining and strengthening Finnish capabilities. According to the Government Programme the Strategy will be updated. The EU's counter-terrorism activity is based on the EU Counter-Terrorism Strategy passed in 2005 and on the related Action Plan. Under the UN, international cooperation in counter-terrorism is conducted within the Global Counter-Terrorism Strategy of 2006. Implementation of the strategy must be made more effective. It is important that all counter-terrorist measures respect international law, including human rights, humanitarian law and the rights of refugees.

As crime becomes more international, the efficient implementation of international agreements combating crime becomes more important.

In 2010, Finland and the US signed a bilateral agreement on Preventing and Combating Serious Crime. The agreement strengthens efforts to prevent and combat serious crime and terrorism globally. The United States has further suggested closer cooperation in counter-terrorism. It considers cooperation in these sectors to be associated with the US Visa Waiver Program. Ensuring citizens' free and safe travel between our countries is a common goal, all the while making sure that the system is not abused by persons involved in serious crimes or acts of terrorism.

Cooperation in counter-terrorism has increased between the EU and the US during the last decade. In June 2010 the EU and the US released a joint declaration on counter-terrorism, where they laid out shared principles on combating terrorism.

The EU and the US have agreed on a wide exchange of information to combat terrorism. In order to increase safety in air travel, an agreement on releasing information concerning air passengers (Passenger Name Record Data Transfer, PNR) was first signed in 2004. This arrangement has improved the ability to evaluate security risks in advance, but has also raised some concerns on data protection. The 2007 PNR agreement is provisional be-

cause the European Parliament has required that personal data protection be sufficiently taken into account in the renegotiation of the PNR agreements. Negotiations for a new agreement took place in 2011. The transfer of financial messaging data was agreed upon in 2010 to prevent terrorist financing.

In view of future agreements and to facilitate data transfer the EU and the US are working on an agreement to define general principles concerning data protection. These principles would be followed whenever personal data is transferred as a part of police and judicial cooperation. Negotiations for the data protection agreement between the EU and the US began in 2011.

Key international treaties regarding the fight against crime include the UN Convention against Transnational Organized Crime and its protocols, the UN Convention against Corruption, and the Council of Europe Convention on Cybercrime. It is important for Finland to support the efficient implementation of these agreements to further develop international cooperation in fighting crime. The ongoing negotiations in the UN for a comprehensive counter-terrorism agreement have already lasted for some ten years. Finland has been active in supporting the finalization of the negotiations as swiftly as possible. Changes to the International Civil Aviation Organization's agreements on terrorism were passed in 2010 in order to improve the safety of civil aviation.

In addition to international agreements, counter-terrorism sanctions are used in fighting terrorism. The sanctions that are in force are based on the legally binding resolutions of the UN Security Council. The Security Council's Sanctions Committee maintains a list of individuals and entities, whose assets must be frozen by UN Member States. The Office of the Ombuds-person was established in liaison with the Sanctions Committee to improve the legal protection of individuals.

#### **Objectives:**

- 44. To enhance cooperation between the EU and the US to fight international organized and other serious crime, including economic and narcotics crime, human trafficking and human smuggling, cyber crime, money laundering and terrorism;**
- 45. To develop the cooperation between EU agencies (Europol, Eurojust, Frontex and Olaf) and the US;**
- 46. To advance cooperation between the EU and the US through training in the field of internal security and through exchange programs, scholarships, and joint research institutes;**

47. To seek to ensure that the EU–US agreement on data protection and the new PNR agreement would be legally binding and guarantee legal protection to individuals and their fundamental right to the protection of personal data;
48. To advance multilateral activities in international cooperation against terrorism, placing priority on finalizing the UN negotiations for a comprehensive convention against international terrorism;
49. To enhance cooperation between Finland and the US to fight terrorism and organized crime by respecting international human rights conventions and rule of law-principles. Finland is upgrading its capabilities to respond to the constantly changing threat of terrorism through cooperation with other countries;
50. To intensify practical cooperation among border control, law enforcement and judicial authorities and to share experiences and best practices;
51. To bring the negotiations concerning the General Security Agreement between Finland and the US to an end;
52. To support cyber-security cooperation both bilaterally and through cooperation between the EU and the US.

## **7. CLIMATE CHANGE, THE ENVIRONMENT AND ENERGY**

### **7.1. Climate change**

During President Obama's term in office, the United States has sought to reassume a responsible role in climate issues. It has committed to international climate talks and the administration is satisfied with the outcomes of the Cancún Climate Change Conference.

Finland and the United States differ in their approaches to climate issues in that Finland participates in the Kyoto Protocol and the EU's emission reduction target. The US does not participate in the Kyoto Protocol and it is unlikely that the US will establish any nationally binding targets for emissions in the coming years. This in turn will have negative repercussions on international climate policy. The US will try to address the threat caused by climate change by developing technological solutions in, for example, energy production. It is active in the clean energy and technology sectors and interested in both bilateral and multilateral cooperation in this field. Furthermore, investment in clean energy is considered to contribute to energy security. The US invests large amounts of financial resources in R&D in this area. In addition, different states have followed California's example and tried to reduce emissions by means of imposing various regulations. Developments in this respect have proceeded at an uneven pace in different parts of the country.

The US international climate policy is making headway on three different fronts: in the framework of the UN climate change negotiations, taking advantage of the Major Economies Forum on Energy and Climate (MEF) process, and by means of bilateral discussions. The administration has sought to reassume a US leadership role especially via the MEF, which represents about twenty of the world's largest economies. In bilateral relations, special emphasis has been directed toward emerging economies such as China, India and Brazil. The US believes that combating climate change is not possible without the participation of emerging economies in the reduction of emissions. The US is prepared to make international commitments provided that emerging economies also undertake to meet the emissions targets.

Apart from the climate talks, the United States participates in international efforts to fight climate change, especially through development cooperation. The US is interested in deepening cooperation with Finland in such issues as women and climate change, where Finland has expertise. Finland aims

to influence the US through the EU so as to encourage the US to bear responsibility over greenhouse gas emission reductions and to commit to the commonly accepted emission targets.

As of 2012 the EU will bring aviation into the EU's greenhouse gas Emissions Trading System (ETS). The ETS system will apply to all flights departing from or arriving in the area of the EU. An 'anti-EU ETS' Bill is being considered in the US Congress.

#### **Objectives:**

53. **To influence the US in order to reach a binding and comprehensive global climate treaty;**
54. **To support the least developed countries in their efforts to adapt to climate change. The aim is to strengthen these countries' ownership of the process and develop their capabilities in carrying out measures against climate change effectively;**
55. **To develop cooperation on women and climate change.**

## **7.2. The environment**

The long detachment of the United States from multilateral environmental cooperation ended during President Obama's administration. The US has, for example, removed its reservation concerning the creation of a legally binding instrument for the global control of mercury pollution, which is now being negotiated. In addition, US representatives hold chair roles in the UN Environment Programme UNEP. The US has also increased its environmental funding. Despite these developments, the administration's room for maneuvering is limited due to domestic policy constraints.

The creation of the United Nations Environmental Organization, under discussion for some time, is a challenging issue for the US. However, it has expressed an interest in an active role in efforts to boost the effectiveness of international environmental governance. It emphasizes the necessity of the effective implementation of international environmental agreements and underlines especially the Montreal Protocol on Substances that Deplete the Ozone Layer.

The United States sees the UN Conference on Sustainable Development, Rio+20, in May 2012 as an event where governments can exchange experiences and practices in order to identify new ways to meet challenges. The US priorities include issues relating to climate change, water and energy use. It also emphasizes cooperation in rural research. In the run-up to the confer-

ence Finland, for its part, has emphasized a broad agenda, which highlights the significance of economic and social issues in addition to environmental questions.

Finland aims to actively cooperate with the US in international environmental issues as well as in the development of environmental technology. Finland is an interesting partner to the US in every field of environmental policy. For example, the protection of the Arctic environment, forest conservation and environmental aspects in planning and construction are Finnish core competence areas.

#### **Objectives:**

56. **To pursue an active and practical dialogue with the US administration on key environmental issues, such as strengthening of international environmental governance and extending agreements on chemicals;**
57. **To focus on issues and actions where there are shared interests, such as energy and material efficiency, financing, and strengthening of the Montreal Protocol;**
58. **To continue cooperation with the US on the prevention of marine pollution and on reducing emissions as outlined in International Convention for the Prevention of Pollution from Ships, the MARPOL Treaty, by the International Maritime Organization.**

### **7.3. Energy**

The United States is the number one producer of energy globally and it consumes the most energy per capita in the world. The majority of US energy production is still based on fossil fuels, coal, natural gas and oil. The administration's ambitious goal is to double the production of renewable energy in three years time by 2012. However, even in a best case scenario, a low-carbon society based on renewable energy will not materialize for decades. Investing in clean energy as well as in energy and environmental technology is seen as a key instrument in fighting climate change, improving energy security, and boosting economic growth through the creation of "green" jobs.

The US is active in the fields of clean energy and technology and interested in both bilateral and multilateral cooperation. In 2010, the US initiated the Clean Energy Ministerial (CEM) process, designed to promote policies and programs to reduce energy consumption by means of energy and environ-

mental technology solutions. CEM is a forum of about twenty big countries, which consume about 80 percent of global energy, pioneering in economic or energy technology. Finland is chairing a CEM working group, which deals with the joint production of electricity and heat.

Finland's strong expertise in energy and environmental technology covers the following areas: energy efficient processes and equipment, joint electricity and heat production, transmission and distribution of electricity, waste management technology, wind power components, measurement systems, the use of bioenergy and related technology, and water expertise. The Americans are also interested in Finnish nuclear energy expertise, experience with the construction of new-generation power plants and research related to the disposal of nuclear waste.

The United States and Finland are trying to increase the use of bioenergy, including the proportion of biofuels used in transportation. Both countries have also formulated extensive national programs to increase the use of bioenergy, and they channel significant amounts of public funds to R&D.

#### **Objectives:**

- 59. To develop new forms of cooperation to promote research, development and innovation activities, and to secure venture capital and to commercialize products;**
- 60. To build upon Finnish know-how in environmental technology for example in bio-, mineral and water management and to considerably intensify cooperation between Finland and the US in the field of renewable energy, taking note of the considerable US investments in energy and environmental technology;**
- 61. To strengthen dialogue and cooperation with the US in energy efficiency and renewable energies. To participate actively in the CEM process;**
- 62. To share best practices of nuclear safety in nuclear energy production and development.**

## **8. TRADE AND THE ECONOMY**

### **8.1. Trade policy cooperation at the multilateral level**

In recent years the multilateral trade system has gone through a major change as the influence of emerging economies has grown. Nevertheless, the EU and the US are key actors in multilateral trade policy, the main forum of which is the World Trade Organization (WTO). Both countries are still committed to the completion of the Doha Round, which has lasted nearly ten years. Opinions about how to bring the round to an end vary to some degree. The EU would be ready to agree on the negotiations package based on the elements on which understanding has already been reached, and that nearly led to a breakthrough in the summer of 2008. The US, however, requires improved market access, especially from emerging economies. The central argument is that the agreements as currently negotiated would be rejected by the Congress.

In practice, the Doha Round of negotiations has been stalled since 2008 and its prospects are uncertain. A Doha agreement would require unanimity among all WTO members. Completing the Doha Round would not only be important for economic reasons but also for the credibility and development of the multilateral trade system.

The EU and the US have also played a prominent role in negotiations for other sectoral and multilateral agreements. The most important of them are the Agreement on Government Procurement and the Information Technology Agreement, both of which have been concluded in the framework of the WTO. The purpose of these agreements is to complement WTO regulations. The most recent of these multilateral agreements is the Anti-Counterfeiting Trade Agreement ACTA, on which negotiations have been completed. ACTA is to complement the WTO's TRIPS-agreement (Trade-Related Aspects of Intellectual Rights).

**Objectives:**

- 63. To give a strong signal in favor of open and fair markets and against protectionism;**
- 64. To deepen collaboration between the EU and the US in the WTO and in other international organizations.**

## **8.2. Economic cooperation between the EU and the US**

Economic cooperation is a key area in transatlantic relations. The EU and the US are each others' most important trading partners, accounting for about a half of global GDP and about a third of world trade. Due to their similar operating environments and their historical ties, these two partners are economically highly interdependent, as is evident for instance in the movement of capital and investment. The EU area continues to be the principal target of US investment.

Considering the volume of EU–US economic relations, occasional trade disputes will likely arise and attract public attention. However, these concern only a small part of total EU–US trade.

Economic cooperation between the EU and the US is based on the Framework for Advancing Transatlantic Economic Integration between the EU and the US, adopted in 2007. In accordance with the document, the Transatlantic Economic Council (TEC) is to strengthen transatlantic economic integration and to improve the parties' competitiveness by removing barriers to trade and investment and by harmonizing regulation.

The TEC convenes annually and is being developed toward an efficient steering group for transatlantic economic cooperation, capable of discussing global economic issues and giving guidance on EU–US trade policy in relation to third countries. In the framework of the TEC, there are also meetings between different stakeholders, such as the Transatlantic Business Dialogue, Transatlantic Legislators' Dialogue and Transatlantic Consumer Dialogue.

Promoting commercial and economic relations between the EU and the US is in Finland's interest. Efforts to remove barriers to trade and to develop compatible regulatory approaches must be continued as progress in these fields could considerably increase economic prosperity. At the same time the emergence of new barriers to trade should be prevented. In trade, the principal problem is not tariffs but non-tariff measures.

Commercial and economic cooperation between the EU and the US, the two key actors in the global trade system, is of fundamental importance. In the current situation, it is essential that the EU and the US act in unison. It is also important that the EU and the US oppose protectionism and act as guarantors of free trade.

The question of a free trade agreement between the EU and the US is occasionally raised in discussions. The idea is not completely new because as early as 1998 the European Commission put forward the New Transatlantic Market initiative. The matter has since reemerged, largely because the WTO's Doha Round has stalled. Regional and bilateral free trade agreements have become more common in recent years and both the EU and the US are trying to look after their interests by concluding bilateral free trade agreements with different countries. The EU is also negotiating a free trade agreement with Canada. According to some reports (e.g. OECD), a comprehensive free trade agreement between the biggest economies of the world would markedly stimulate trade and both parties' GDPs.

Finland is prepared to keep an open mind when it comes to new initiatives on transatlantic economic cooperation, including a free trade agreement. An agreement that would extensively liberalize trade in goods and services and remove barriers to investments would require broad support from the Member States as well as thorough planning.

The global financial crisis of 2008 and the financial crisis within the EU have increased the importance of issues pertaining to the monetary and finance sector. Given the global scale of the problems, efforts to resolve them must also be global in nature. It is important that the players in the financial sector have similar operating conditions everywhere. Therefore, the role of the G20 in agreeing reforms is essential. The following themes have been discussed in various fora: reform of solvency regulations in the banking sector, a deposit guarantee system, global management of financial crises, development of banks' bonus systems, supervision of macro stability, harmonization of accounting standards, eradicating tax havens and a financial transaction tax. Despite certain diverging views, it is important that the EU and the US pursue common goals. By means of financial and monetary reforms, they strive for greater stability, the prevention of new crises, and effective and reliable financial markets.

#### **Objectives:**

- 65. To work to remove trade barriers in all key fora, such as the EU's Trade Policy Committee and the regional working group for transatlantic relations, the Advisory Committee for the implementation of activities relating to the Community market access strategy, as well as bilaterally with the US;**
- 66. To take an active part in developing the work and role of the TEC to make it a high level steering group which also deals**

- with global economic challenges, and to strengthen Member States' role in the TEC and stakeholders' opportunities to contribute to its work;
67. To bring Green Economy projects to the forefront of EU–US cooperation and make use of Finnish know-how in the field;
  68. To carry out a study on the effects of a possible EU–US free trade agreement and especially the impacts of the removal of barriers to trade and investment for Finnish businesses and society;
  69. To try to reach a consensus on financial sector reforms.

### **8.3. Commercial and economic cooperation between Finland and the US**

The United States is an important trading partner for Finland. Finland's trade in goods with the US has been export-driven. In 2010, the US was Finland's fourth biggest export country and the biggest non-European export destination. In 2010, the value of Finland's exports to the US was EUR 3.7 billion (up by 4 percent) and the value of imports from the US was EUR 1.8 billion (up by 18 percent). Examination of the export and import figures does not, however, give full picture of the economic significance of the United States to Finland. The US is a global economic actor, whose impact is felt everywhere. In addition, many American companies have transferred production to Europe or Asia, from where products are then imported to Finland. The US also plays a big role in capital flows to Finland.

The conclusions of an ETLA (Research Institute of the Finnish Economy) study, published by the Ministry for Foreign Affairs in 2009, underlined that it is necessary to address the need to attract risk capital for Finnish cutting-edge technology companies in the US finance market. The study also stressed the export opportunities of environment and defense technology, as well as the need to increase student and researcher exchange programs with the US. Finland and the US share an interest in and commitment to competitiveness and innovation policy.

#### **8.3.1. Trade promotion**

The United States is a Western market in which the public sector plays a limited role in trade promotion. Companies find it easy to cooperate directly with their partners and, therefore, political support for their activities is seldom needed.

In the US, companies' own export and marketing efforts are the key to success in business activities. Traditional government-led trade promotion visits are of little significance. However, visits led at ministerial or senior official level to carefully selected destinations or participation in appropriate business events can prove useful and productive.

In Finland, the public sector is responsible for making available service networks, such as Finpro, Tekes, Finnnode, and VTT, assisting companies in their joint projects, and offering funding for internationalization (Finnvera). Finpro supports companies' internationalization and Tekes serves as an important provider of R&D funding. Supporting companies operating conditions in Finland is a key responsibility for the Ministry of Employment and the Economy.

The Ministry for Foreign Affairs and its missions are also responsible for promoting Finnish companies' market access efforts abroad. They offer "door-opening" services, promote networking and organize export promotion events. This aims at bolstering the image of Finland as an information society and a high-tech country with a rich modern culture. The missions report about commercial and economic issues central to Finnish interests, such as barriers to trade and legislative developments. They also provide information to the Finnish economic and business communities about developments in the US economy, as well as market prospects and potential.

In the US, the materialization of Finland's goals is supported by the Finnish Embassy in Washington DC, the Consulates General, and by about 30 Honorary Consulates.

To complement the cooperation of long-established industrial sectors, promising prospects are emerging in new sectors such as energy, environment, biotechnology, IT as well as in mobile, entertainment and game industries. These growth sectors provide new opportunities for Finnish companies. Finnish city traffic planning has attracted attention in traffic planning on the West Coast in the US. Tourism is another field with potential for further development.

#### **Objectives:**

- 70. To advance Finnish economic interests and market access of Finnish businesses, including through official relations;**
- 71. To take advantage of Finnish diplomatic missions' networking with the public authorities and the academic and business com-**

- munities to promote Finnish businesses. To strengthen Finnish entities' networking with local players in order to identify and support joint ventures and cooperation;
72. To develop the role of trade associations and their coordination with other Finnish entities;
  73. To engage Finnish Honorary Consuls in the US in export promotion activities;
  74. To organize well-targeted visits, events and campaigns in collaboration with players in public diplomacy;
  75. To make use of well-known Finnish companies and established national brands, such as Cleantech Finland®, to promote a positive image of Finland;
  76. To assess changes in the business environment and identify new business opportunities. To work with Finnish companies in identifying trade barriers and strive to remove them either bilaterally or through the EU.

### 8.3.2. Promotion of investment

In the past few years, investment between Finland and the United States has predominantly been from Finland to the United States. Looking at foreign direct investment in Finland, the US is the eighth largest foreign investor. American investment in Finland pales in comparison to American investment in the other Nordic countries. However, American subsidiaries in Europe significantly invest in Finland.

Direct US investment in Finland has mainly been channeled to the ICT sector, health care and medication and business services. An expert organization, Invest in Finland, promotes direct investment from the US with an emphasis on these three sectors. The choices are based on studies done in the US to assess the potential of various business sectors. Invest in Finland's activities have concentrated on the East Coast and California. Due to limited resources, Invest in Finland has been forced to concentrate on only a few business sectors and regions in the US. Despite the need to establish priorities, Invest in Finland seeks to serve all Finnish businesses independently of the region or field of operation. Its principal partner with regard to acquiring clientele is Finpro. In addition to Invest in Finland, AmCham Finland also supports US investment in Finland.

Especially in the ICT sector, venture capital plays a key role in the provision of additional resources to product development. US companies in Silicon

Valley, for example, have purchased shares in promising young Finnish companies. Many Finnish new technology businesses have been sold to larger US companies after their start-up phase. Access to risk capital is an important motivation for Finnish companies to move over to the United States.

In promoting investment, it is vital to create environments that are favourable for business activities. Important factors are competitiveness, flexibility, and the conditions for innovation, taxation and legislation.

**Objectives:**

- 77. To support American investment in Finland and Finnish investment in the US. To convey information about the Finnish economy and its competitiveness in order to promote investment;**
- 78. To explore the possibilities of attracting more venture capital in collaboration with various players.**

## **9 COOPERATION IN SCIENCE, RESEARCH, TECHNOLOGY AND INNOVATION**

The US is at the cutting edge of science, research and innovation. About 40 percent of all innovation activities in the world take place in the US. Furthermore, many commercial practices and new business models originate in the US. Finnish innovation and research communities have traditionally been well networked with their US counterparts. The US is considered to be the leading country in the world in the natural sciences, applied sciences and research.

The US has strengthened its innovation activities by increasing funding. This reinforces its image as a strong source of innovation and a cooperative partner for Finland.

The Finnish research community has in recent years prioritized programs in the EU region. European cooperation links Finnish universities and research institutes to international research networks and clusters of excellence. This enhances Finland's visibility and credibility as a sophisticated cooperation partner also among North American universities and companies.

In the past years, the EU has assumed a stronger role in coordinating transatlantic research and innovation cooperation. Strategic country targets established in the framework of the European Research Area strengthen collaboration with the US. As a result, access to larger research projects and funding will be easier. Various research infrastructures should be used more actively between Finland and the US to promote the internationalization of research. This will, at the same time, improve the quality of research at the national level.

Finland will continue to emphasize bilateral cooperation in research and innovation with the United States because it offers the prospect of direct access to interesting cooperation projects. The Agreement Relating to Scientific and Technological Cooperation, signed by Finland and the US in 1995, is useful in this context. The consultation process, mentioned in the Agreement, enables face-to-face dialogue with different US Government Departments in the research, development and innovation sectors. In addition to the Finnish diplomatic missions, Tekes, VTT and Finpro have a role supporting innovation. Finnnode USA opens up new avenues for innovation through monitoring new developments (the so-called weak signals) in innovation hubs of the world. Interest in Finland is reinforced by our good innovation record.

The main cooperation partners of Finnish researchers in most fields are from the United States. This is also the country where most top-ranking international research universities are located. Future potential for cooperation can be found in, for example, information-, environment- and energy-related research, as well as in health-, food- and nutrition-related research, and in the creative industries. The cooperation between Finnish and US researchers and research groups is close. Institutional cooperation, for example among financiers of research, is developing in areas of mutual interest.

A good example of this cooperation is the joint WIFIUS (Wireless Innovation between Finland and the US) project launched by the Academy of Finland, Tekes and the US National Science Foundation. The project involves a new virtual institute for the purpose of solving problems in wireless communications as well as developing know-how and innovation. The objective should thus be to initiate more broad-based institutional cooperation between Finnish and US research financiers, universities and research institutes. Research infrastructures should more actively be utilized between Finland and the US as research becomes increasingly international. It would be important to identify possibilities for joint financing of research projects by Tekes, the Academy of Finland, foundations and public and private actors.

In recent years, researchers have become more mobile between Finland and the US. The movement has clearly been from Finland to the United States. The recently initiated “tenure track” system at Finnish universities can open up interesting career paths in Finland as well. Furthermore, it is important to create programs for researchers for short-term exchanges and visits, which would attract more US talent to Finland. Another critical issue is to improve the practical arrangements related to entry services, families and housing. Finnish actors should work in close cooperation to improve these matters. Well-functioning services should become a competitive advantage for Finnish actors.

Graduate education study modules and joint research programs have the potential to lead to permanent partnerships. Through the Finland Distinguished Professor Programme, administered by the Academy of Finland and Tekes, it is possible to offer fixed-term positions for experienced foreign scientists as well as for Finnish scientists with a long international career.

Innovation cooperation will in the next few years focus on, among other things, ICT, wireless data networks, Cleantech, service innovations, Arctic research and service businesses relating to knowledge and learning, as well as eHealth and other welfare and health care innovations. Materiel pro-

curement and development projects in the defense establishment are also potential areas of cooperation.

**Objectives:**

79. To diversify institutional cooperation between Finnish and US universities, research institutes, strategic hubs of excellence and research financiers;
80. To make better use of research infrastructures and allocate sufficient resources to them. To increase cooperation between public and private players and foundations in funding research;
81. To facilitate researchers' entry into Finland and both short- and long-term researcher mobility.

## 10. COOPERATION IN EDUCATION

### 10.1. Higher education

Many of the most prestigious universities in the world are located in the United States. Alongside top researcher networks, cooperation should also be build at the undergraduate level.

In order to enhance cooperation in higher education between Finland and the US, it is important to increase academic mobility. In recent years, researchers' mobility has increased, but the record is not as good for students and teachers. Based on an international comparative study, Finnish students choose the US as their country of exchange much less frequently (7 percent of those studying abroad) than, for example, Swedish students do (24 percent). Academic mobility from Finland to the US must be promoted especially in the fields essential for innovation and research cooperation.

In 2010 Finnish higher education institutions set their priorities on international cooperation and key countries. By specifying their goals, universities can enhance their opportunities for new partnerships, including joint study and mobility programs between Finnish and American higher education institutions.

The annual number of Finnish exchange students in US higher education institutions clearly outnumbers the intake of US students in Finland. If American students were to pick Finland more often as their country of exchange, Finnish students would in turn have a wider range of choices in the US. This would also help solve problems concerning financing these studies.

Finnish higher education institutions already have a number of study programs available in English. The course selection, and the duration and quality of programs do not, however, always correspond to the needs and interests of American students. There is still plenty of work to do in the promotion and marketing of Finnish higher education institutions. Only programs that are of high quality should be promoted in the US market.

The Nordic Master and European Erasmus Mundus programs help in attracting American students to Finland and Europe because of their high profile and good scholarships. Here Finland has to be active and encourage US students to choose Finnish higher education as their route to Europe. The Fulbright scholarships provide another esteemed channel to study in higher education institutions in Finland and the US. Alumni networks should be used more effectively in promoting cooperation between the countries.

At the same time, conditions for student and researcher mobility have improved in the United States. The federal government, and the universities as well as students consider internationalization increasingly important. The US does not want to lag behind Europe and Asia. However, American students prefer shorter exchanges instead of taking full degrees abroad. Therefore, one way to increase cooperation could be arranging summer courses and intensive courses organized by university networks. Internships are also a good option to increase the mobility of American students to Finland.

Cooperation can also be improved by increasing daily contacts between universities, for example in the form of joint study and research projects. Finnish universities could serve as platforms for international networks in the sectors where they possess special expertise, such as teacher training. At the same time this would promote awareness of Finland's strong areas.

Exchange of information and coordination should also be more efficient between Finnish actors working in North America. Furthermore, it would be useful to combine functions concerning students housing, settling in, and other entry services. A common extranet database could be an effective tool in strengthening coordination.

#### **Objectives:**

- 82. To promote partnerships between Finnish and American higher education institutions, including bilateral study, research and mobility programs;**
- 83. To promote opportunities for Finnish students to study and do internships in American universities, especially in sectors essential for innovation and research cooperation;**
- 84. To increase opportunities for American students to study in Finland, for example through short-term exchange programs. To improve entry services;**
- 85. To improve the quality of Finnish research environments and study programs, to guarantee high quality marketing and to enhance cooperation between all Finnish actors in the field.**

## **10.2. Basic education and upper secondary education**

From the start, President Obama has devoted much attention to the reform of the American education system. While many of the world's leading higher education institutions are located in the US, the administration wanted to address the problems found in American basic education. A record amount

of funding (over five billion USD in the 2011 budget) has been allocated with the objective to upgrade the quality of the often dispersed and ineffective basic education system. The program seeks to increase educational equality and facilitate access to higher education among different population groups. The administration is genuinely concerned that the United States could be overshadowed by emerging economies if improvements in competitiveness and innovation are generated not only in top schools and universities but also elsewhere.

The US is a large, multicultural federal state with considerable differences between states and even districts in education. A major concern is that as many as one in every three American students drops out of school before receiving a high school diploma. The dropout rate is particularly high among Latino and African-American students. One of the goals set for the education system is that by 2020 the entire age group will have earned a high school diploma and could then continue to higher education. Because the US education system does not provide a vocational school option similar to the Finnish system, the flexible Finnish secondary level model and popular vocational education option have attracted attention in the US.

Unlike the Finnish education system, the American model emphasizes free choice and competition. It is therefore typical of the US system to measure students' skills and knowledge and use this information to illustrate different efficiency impacts in education. In the American model, schools are often governed from the outside. The Finnish system, based on local decision making and schools having a high level of independence, is very different in this respect. The strength of the Finnish model is the comprehensive approach: school evaluations take into account different circumstances in schools, remedial education, and parent-school cooperation. On the other hand, Finnish schools can learn from their US counterparts, especially regarding analytical approach, emphasis on oral skills and multiculturalism.

The Finnish basic education system is currently a target of great interest in the US. Finland's PISA (Programme for International Student Assessment) record and the Finnish school system have gained much attention in the US media. Most of the coverage has dealt with the professionalism of Finnish teachers and the consistent student achievement level across the country. This offers Finland a chance to raise its profile in the debate about education and to promote knowledge about Finland in general by means of public diplomacy. The growing interest in basic education may also improve possibilities for closer cooperation in the field of higher education between our

countries. Knowledge of Finland in the US is increased by expert visits and projects, concerning, for example, teacher and management training.

Finnish basic education, for which our education system has gained its good international reputation, differs from the American system to such a degree that actual export of the concept to the US is not feasible. In basic education, the potential lies more in cooperation at the state level. Civil servant exchange programs at the state and school district level could be one useful form of cooperation and a model that could further other goals mentioned in this Action Plan. In addition to the exchange of experiences, this kind of partnership would also increase Finland's visibility at the state level.

Several organizations offer student exchange programs for high school and vocational school students, language courses, and practical training. Student exchange programs provide important information about culture and society and offer good possibilities to make friends.

#### **Objectives:**

- 86. To capitalize on the interest in Finnish basic education as a way to raise Finland's profile in the US;**
- 87. To promote the Finnish school system through public diplomacy and participate in discussion on education policy in the US, for example through events organized by Finnish missions, expert seminars and publications in various media;**
- 88. To increase collaboration between Finnish and American experts, NGOs and trade unions for teachers;**
- 89. To create new tools for increasing teacher and student exchanges in basic education and in upper secondary and vocational education. To create opportunities for exchanges for experts in educational administration and school management;**
- 90. To increase online cooperation and two-way internship programs between different educational institutions, and to regularize the Young Ambassadors' program, which gives Finnish and American high school students a chance to learn about cultural and political life in both countries.**

## 11. CULTURE AND THE CREATIVE INDUSTRIES

The United States is a world leader in creative industries. The American entertainment business is the strongest and most advanced in the world. Many projects and strategies in the creative industries are carried out at state and city levels. The United States is one of the main destinations of cultural export. Even though the US does not have a federal cultural policy, numerous policies and regulations affect culture and the creative industries at federal, state and city levels. It is important for Finland to cooperate and exchange information with the US on the development of the creative industries.

Seeking access to the US cultural market is a very challenging task. The states differ markedly from one another. In music, for example, it is not possible to speak about the United States as one market area. The East and West Coasts differ from each other, among other things, in terms of their cultural atmosphere and practices. In spite of market access difficulties, the US is an important destination of cultural export for Finland, since success in the vast US market opens up new possibilities in the rest of the world.

Success in the US requires being present, competent networking and spotting the right cooperation partners, as well as adopting local practices. Therefore, Finnish companies in the cultural sector are setting up businesses in the US. Achievements in classical, pop and rock music, the audio-visual industries, visual and media arts and modern dance as well as Finland's strong reputation in design and architecture bolster this development. Finnish actors' interest in the huge American market is closely linked with the economic benefit and volume of the cultural markets. However, succeeding demands long-term exposure and efficient and systematic planning.

In addition to market-driven activities, the cooperation of cultural institutions is an important element in Finnish–US relations. Such well-known cultural institutions as the New York Museum of Modern Art and the Kennedy Center in Washington DC are valued partners for Finns. Cooperation with renowned cultural actors brings significant publicity to Finnish culture in the US.

The American-Scandinavian Foundation in New York supports Scandinavian art and encourages student exchanges between the United States and the Nordic countries.

The Finnish Embassy and the Consulates General in the US play a key role in the promotion of cultural cooperation. The Finnish Cultural Institute in New York, established in 1990, promotes the visibility of the Finnish visual arts, architecture and design in North America. Several Finnish cultural players from various fields visit the US annually. The Finnish fashion, film, computer and mobile game industry are areas that have recently gained exposure in the US.

Finland should capitalize on the strong interest it currently enjoys in the United States, and especially in New York, by carefully planning and targeting its programs. There is special interest in environmentally friendly concepts and design. Helsinki being the World Design Capital 2012, marketing Finland as a culture and design travel destination provides an excellent opportunity for strengthening cultural contacts. Closer cultural relations between Finland and the US have positive impacts on other areas as well.

#### **Objectives:**

- 91. To support the market access and establishment of Finnish cultural businesses and players in the US market. To follow more closely the US creative industry strategies at federal, regional and city levels, and intensify direct contacts in different industries;**
- 92 To strengthen cooperation between Finnish and US cultural institutions and facilitate networking and synergy between Finnish players in the US;**
- 93. To build on Americans' interest in Finland through specifically targeted, long-term and well-planned action, such as Helsinki as the World Design Capital 2012, to strengthen cultural relations.**

## **12. HOUSE OF FINLAND IN THE US**

In accordance with the Government Programme, the Government will focus Finland's international operations on the basis of the House of Finland concept. Cooperation among different Finnish actors is to be improved by fostering networking and coordination as well as by clarifying their division of labor.

In the United States, the House of Finland seeks to pool the resources of Finland's public players and Finnish and American-Finnish voluntary organizations in order to develop Finnish-US relations comprehensively. These public players are: the Finnish Embassy and the Consulates General, Finpro, Tekes, VTT, Finnnode, the Finnish Cultural Institute, Visit Finland and Honorary Consuls. The House of Finland concept can be applied in each mission's district as well as among the aforementioned operators across the US.

### **Objectives:**

- 94. To promote cooperation between the Finnish diplomatic missions, Finpro, Tekes, VTT, Finnnode, Finnish Cultural Institutes, Visit Finland, Honorary Consuls and other Finns active in the US on the basis of the House of Finland concept. To foster common pursuit of interests in the US;**
- 95. To develop networking and joint projects, making the most of the available resources and taking into account the roles and strengths of the players;**
- 96. To encourage non-state operators to support common goals and projects.**

### **13. PUBLIC DIPLOMACY AND STRATEGIC COMMUNICATIONS**

The United States is a priority country in the public diplomacy of the Ministry for Foreign Affairs. Public diplomacy aims to influence, network and communicate especially with non-governmental audiences considered important for Finland. This takes place especially through media, cultural and promotional activities, and it is an integral part of the diplomatic missions' political and other objectives.

The US is a challenging field for public diplomacy because Americans in general are not very familiar with countries like Finland. A message is easily lost in the avalanche of information. A surge of interest in a single country also dwindles rapidly in the US, if need for information is not met in time. Furthermore, Finns are not always ready to commit to the "American way" of doing things, such as the use of PR firms to disseminate their message.

Finnish public diplomacy seeks to capture the attention of the US media, non-governmental organizations, cultural institutions, think tanks and the general public by building on Finland's strengths. The key messages concern security, education, competitiveness, welfare, the environment and culture. The aim is to provide an interesting, true and topical picture of Finnish society, politics, culture and the economy to key stakeholders and decision makers in the US. To obtain real outcomes in the competitive US market, Finnish representatives have to engage in close and well-coordinated cooperation.

An important public diplomacy instrument is promoting Finnish-American dialogue in the form of frequent expert visitor exchanges. In order to promote knowledge about Finland the aim is to organize visit exchanges for journalists, cultural personalities, businessmen, congressmen and their special advisers, and professionals in education.

Media exposure and images created by the media are of key importance in the US. The media field is so large, however, that public sector operators need to concentrate on selected media houses and specialized media that are the most essential from Finland's point of view. It is also necessary to share information via social media of Finland's official positions, major events, and of activities organized by the Finnish missions.

The Finnish embassy building in Washington DC is one of the best assets of Finnish public diplomacy. The unique character of the building is highlighted even further by it being the first mission in the United States to have been awarded the LEED (Leadership in Energy and Environmental Design) certificate in 2010, which entitles it to the “Green Building Status”. Being named a Green Mission is an excellent public diplomacy resource when organizing seminars, exhibitions and receptions.

The Finnish-American annual festival FinnFest is an important traditional event, linking together people of Finnish origin across the US. The aim is to give the modern Finnish society a more pronounced role in the festival.

**Objectives:**

97. To promote rapid and targeted communications in the US and to focus on sustained public diplomacy with carefully selected themes;
98. To make effective use of online communications and the possibilities offered by social media;
99. To build up networks through systematic and long-term action and to increase national coordination both in Finland and the US;
100. To support efforts to develop FinnFest to reflect present-day Finland and to become a future-oriented Finnish event;
101. To employ public diplomacy means to achieve the goals of this Action Plan.







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