

Ministerial review:

Minister for Foreign Affairs Ilkka Kanerva:

In 2007, the activities of the Ministry for Foreign Affairs were guided by what is agreed upon on foreign and security policy and the EU policy and on the practical implementation of these policy lines in the Government Programme of Prime Minister Matti Vanhanen's second Cabinet.

Finland's foreign and security policy is based on good bilateral relations, exerting a strong influence in the European Union, effective multilateral cooperation and credible national defence. The Ministry for Foreign Affairs is responsible for ensuring that these objectives are reached as effectively as possible.

The list of items on the agenda of the Ministry for Foreign Affairs in 2007 was long. In the following, I will briefly discuss the practical implementation of the new Government Programme, Finland's activities in the UN, the finalisation of the EU's Treaty Reform, the preparation of a new government report on Finnish security and defence policy, various international crisis management issues, the security policy cooperation that we have started with Sweden and Norway, the development of an Action Plan on Russia, issues concerning the transatlantic relations, Chairmanship of the Barents Euro-Arctic Council, and preparation for the Chairmanship of the Organization for Security and Cooperation in Europe.

The United Nations is the principal instrument of multilateral cooperation for Finland, and we contribute to the enhancement of the UN's authority, operating capacity and effectiveness. Finland's substantive and operational objectives in the UN are being honed in the new UN Strategy that is under preparation. Finland is applying for a seat as a non-permanent member of the Security Council for the two year term of 2013–14 and preparations for the campaign have already been started.

As regards foreign policy, the European Union is our most important group of reference and channel of influence. Finland supports the development of the EU as an economic, political and security community. We are continuing our efforts to strengthen the EU's foreign policy role, to develop the Common Security and Defence Policy, and to upgrade the Union's crisis management capacity.

The Treaty of Lisbon, which amends the earlier EU and EC treaties, was signed in December 2007. From Finland's point of view, the outcome of the reform process can be considered to be good. Our aim is to see that the European Union will be capable of more consistent, transparent and effective external action. The European Union External Action Service will support the materialisation of these goals.

In August, the Government started to draft a new security and defence policy report based on the comprehensive concept of security. The Ministry for Foreign Affairs plays a key role in the preparative work. It has been agreed that a clarification of the impacts of military non-alignment and alignment will be made in connection with the preparatory phase. The Ministry for Foreign Affairs published its report entitled *Effects of Finland's possible NATO Membership* in December.

International crisis management is an integral part of Finland's foreign and security policy. Closer interaction between civilian and military crisis management is in Finland's interest. Finland has been continuing active participation in the EU's crisis management operations, contributing staff to one military crisis management operation and to nine civilian crisis management operations at the end of the year. To support the development of the EU's crisis management capability, Finland continued joint efforts with other international crisis management actors aiming at a better coordination between the military and civilian components of the Union's crisis management.

The Norwegian, Swedish and Finnish Foreign Ministers took an active part in the efforts to foster cooperation in the field of security policy. Closer cooperation in crisis management and defence procurement is not only natural but also increasingly essential for the Nordic countries. Factors such as technological development and more expensive procurement heighten the need for cooperation.

As regards NATO Partnership for Peace, Finland has played a key role in NATO-led crisis management operations in Kosovo and Afghanistan. Finland also informed that it is considering the possibility of taking part in the reinforcement of the NATO Response Force, NRF. Finland participated in seven UN-led peace-keeping operations in Africa, Western Balkans, the Middle East and Asia.

In accordance with the Government Programme, cooperation between the Baltic Sea States will be intensified, the importance of the region in the enlarged Union will be strengthened, and the structure of the regional networks of cooperation will be streamlined. The Baltic Sea region deserves a strong position in the EU, which is why the future Baltic Sea Strategy of the EU will be of central importance.

Russia presents a variety of challenges and opportunities for Finland and should therefore be a target of increasing attention. Our aim is to promote active, broad-based and multi-level bilateral relations with Russia and assume an active role in the development of the EU's policy on Russia. The Action Plan on Russia, which is currently under preparation, will further contribute to the relations between Finland and Russia.

The importance of the transatlantic relations has become increasingly accentuated in the work of the Foreign Ministry. We endeavour to intensify the cooperation both bilaterally and via the EU. Finland is active in its relations with the USA and fosters cooperation in different sectors of society. High-level visits between the countries have been more frequent than earlier.

Finland acted as the Chair of the Barents Euro-Arctic Council, BEAC, in 2006–2007. The Russian Federation took over as the Chair in the BEAC Foreign Ministerial session held in Rovaniemi in November, where the ministers signed an agreement on the establishment of an International Barents Secretariat in Kirkenes, Norway. Finland was acknowledged for its activities during its term as the Chair of the BEAC.

Finland's Chairmanship of the OSCE in 2008 is a major challenge, and the term falls in a period of time with many interesting international policy issues on political forums. The preparation for the Chairmanship kept us busy in 2007, because we belonged to the Troika consisting of the present, past and future CiOs. We managed to lay a good foundation for the actual term as Chair and to reinforce the picture of Finland as a capable international actor. We have consistently supported the expansion of the OSCE's capabilities and called attention to ensuring that the organization can continue its activities. The most important event during Finland's OSCE Chairmanship will be the Foreign Ministerial Council in Helsinki from 4 to 5 December 2008. This will be the largest international meeting at this level ever arranged in Finland.

Minister for Foreign Trade and Development Paavo Väyrynen

As regards trade policy, development policy and neighbouring area cooperation, which are the fields of activities that I am in charge of in the Ministry, the year 2007 was a period of challenges and development.

The general picture in trade policy was dominated by stagnation in the so-called Doha Round of the World Trade Organization WTO. Both the Agriculture Committee and the Non-Agricultural Products (NAMA) negotiating group have found it hard to reach consensus. From our point of view, it is important that the parties' goal to reach a multilateral solution is still valid and we continue to support this goal.

As far as Finland's own economic life is concerned, one trade policy issue has gained more weight than others: the rise of Russian export duties levied on roundwood. The first rises were enforced at the beginning of July, but Russia and the EU are actively continuing the negotiations on the issue. Formally, the issue is a matter of interpretation of a deal between the EU and Russia, concerning Russia's WTO membership. The underlying reason for this situation is Russia's intention to expand from raw materials exporting into processing industries. However, the pursuit of this end by raising duties is counter-productive, because it creates insecurity in the operating environment and, if

implemented rapidly, may paralyze the entire forest sector in North-West Russia. Finland has exercised active influence in the matter both via the EU and bilaterally.

In the capacity of Minister for Foreign Trade I am also responsible for the promotion of export and internationalisation. In 2007, export promotion visits with business delegations were made to Bulgaria, Romania, Turkey, Slovakia and India under my leadership. In our present export and internationalisation efforts, we no longer emphasise only export of Finnish products but also disseminate information about import and investment opportunities in our own country.

As soon as six months after the formation of the present Government, a new Development Policy Programme was prepared to serve as a foundation of development policy. I considered that a new programme had to be prepared rapidly, because the growing appropriations must be allocated effectively and the Government must be capable of exercising the guidance that it wants. The new programme takes the lead in presenting ideas for global development policy. It highlights the interrelationship and balance between the three elements of sustainable development – economic, ecological and social sustainability.

Confronted with the major challenges related to the environment, climate, and humanity policy, the new development thinking has reassumed the comprehensive ideas adopted in the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992 (The Earth Summit).

For some time, development thinking was fragmented and conducted in separate discussions and negotiations, blurring the overall perspective. Our new Development Policy Programme leaves room for innovative ideas and ways of implementation. We have also started the formulation of clusters in different priority areas. Finland has special expertise in certain branches of activity, such as forests, energy and the environment. Being a small country, Finland gets the best results by means of concentrating on areas where we are good.

Trade and development are closely interrelated areas of activity today. In the Ministry for Foreign Affairs, a group of trade and development specialists has commendably been engaged in the operationalisation of our Aid for Trade strategy. The close connection between the world economy and development was on the agenda of the informal ministerial meetings organised in connection with the UN Climate Change Conference in Bali, which I attended. The topics of discussion included issues such as the rules applying to trade in climate-friendly technology and products, in the formulation of which Finland must also play a role.

In its budget session, the Government decided that the neighbouring area cooperation will be maintained as comprehensive as it is. The objective is to support stable economic and social development in the neighbouring areas. We must also submit our own neighbouring area cooperation under review in light of the recent reforms of the Northern Dimension Policy and the European Neighbourhood Policy and make use of the new instruments.

I also want to express my warmest thanks to all those who have assisted me in my functions during the period under review.

Minister for Nordic Cooperation Jan Vapaavuori

As the Finnish Minister for Nordic Cooperation, I had the honour to act as Chair of the Nordic Council of Ministers as from 7 June 2007 and to assist Prime Minister Matti Vanhanen in the leadership of the Nordic intergovernmental cooperation in accordance with the Helsinki Treaty, which sets out the guidelines for the cooperation. The Government implemented our broad-based chairmanship programme, entitled "*A region of opportunity – close to you*", in two combinations. My predecessor as Minister for Nordic Cooperation in Prime Minister Vanhanen's first Cabinet was Stefan Wallin until 19

April and, in Prime Minister Vanhanen's second Cabinet, the functions were taken care of for a short period of time by Minister for Foreign Affairs Ilkka Kanerva until I was appointed to serve as both Minister of Housing and Minister at the Ministry for Foreign Affairs and Minister for Nordic Cooperation.

Under my leadership, Nordic cooperation has intensified and moved on to a more active phase. Based on the policy lines published in the Nordic Prime Ministers' meeting in Punkaharju on 19 June 2007, the Nordic countries will adopt joint practical measures in their effort to respond to such challenges as globalisation. This will take place, for example, by means of fostering state-of-the-art research and partnerships between universities, strengthening the Nordic countries as a marketing area, and upgrading the profile of the energy and environment sectors. Furthermore, a decision was made to establish a new Nordic globalisation forum.

The Government Programme gave new impetus to the process aiming at the removal of the remaining border barriers between the Nordic countries. The Programme states that "In the development of Nordic cooperation, special emphasis will be paid on finding ways of facilitating everyday practices". In practice this refers to such matters as promotion of the preconditions of people's movement and entrepreneurial activities. Ambassador Ole Norrback was appointed to oversee the work of the Nordic Freedom of Movement Forum.

One of the key achievements of the Finnish Chairmanship of the Nordic Council of Ministers was the adoption of the Åland Document in the Nordic cooperation ministers' meeting, which I chaired in September and which clearly strengthens the position of autonomous areas in the Nordic cooperation. Other achievements during the Nordic chairmanship include, for example, the strengthening of the Northern Dimension policy and closer cooperation between the Nordic countries, Russia and the Baltic countries. Another matter that is worth mentioning is the security and defence policy cooperation, which was intensified during the year under review in respect of, for example, the EU's Nordic Battlegroup and materials.

Globally, the year 2007 was a year of awakening to the climate issue. A Nordic response to the discussion was adoption of climate change as the main theme of the 59th session of the Nordic Council in Oslo. Nine Finnish ministers took part in the Nordic Council's session and other meetings held in October and November.

During our chairmanship of the Nordic Council of Ministers, about 200 events with some 15,000 participants were arranged in Finland, the Nordic countries and in the neighbouring areas. About 80,000 to 100,000 persons visited our web site at www.norden2007.fi.