Finland

* Finland ranks 55th in size of world economies, with a population of 5.4 million, GDP of $186 billion and an annual growth rate in 2010 of 3.1%, according to the CIA World Factbook. Trade is important to the Finnish economy, with exports accounting for over one third of GDP in recent years. Finland is strongly competitive in manufacturing - principally the wood, metals, engineering, telecommunications, and electronics industries. Finland excels in high-tech exports such as mobile phones. Except for timber and several minerals, Finland depends on imports of raw materials, energy, and some components for manufactured goods.
* Although public debt remains under control, respect for the principle of limited government has been undercut by heavy public spending now comprising 56.2 of GDP. This has caused a 21.3 reduction in Finland’s limited government score to 5.2 out of 100, ranking Finland 171st in the world, according to the Heritage Foundation.
* Finland’s global competitiveness is ranked by Transparency International as 5.36 out of 7 due to a low trade weighted tariff of just 1.4%, although non-tariff barriers add to cost of trade.
* The Heritage Foundation scored Finland 72.3 out of 100 in economic freedom due to a relatively efficient business framework that allows new businesses to be started with 7 steps and 30 days.
* Finland’s markets are open to foreign investment, with transparent, efficient regulations, earning it a score of 12th for trade freedom, 10th investment freedom and 4th for financial freedom out of 179 countries ranked by the Heritage Foundation for Economic Freedom.
* The cost of doing business is hindered by the high non-salary cost of labor and costly severance payments, earning Finland a labor freedom score of 42.4 out of 100, 154th in the world by the Heritage Foundation.
* Finland boasts a high score of 6.4 out of 7 in Judicial Independence by Transparency International due to a generally independent, qualified judiciary and ranks 2nd in the world in the protection of property rights and 4th in the world in the freedom of corruption, according to the Heritage Foundation, Economic Freedom Index.
* Anti-corruption efforts have been very successful, as Finland ranks in the 98th percentile, with a score of 2.15 out of 2.5 in controlling corruption, according to Transparency International and ranks 4th in the world according to Heritage Foundation, with a score of 92 out of 100.
* The World Economic Forum ranks Finland 4th in the world in global competitiveness, just ahead of the United States, which is an increase of 3 places from 2010.
* Property rights are well-protected in Finland and contractual agreements are strictly honored with adherence to international agreements protecting intellectual property, resulting in the relatively high score of 1.97 (out of 2.5) for Rule of Law by Transparency International.

# Finland Plans to Offset Costs to Industry From EU Sulfur Rules

By Kasper Viita on September 13, 2012, *Bloomberg Businessweek*

Finland’s government will compensate the country’s industry for higher transportation costs caused by a European Union law cutting sulfur emissions, Economy Minister Jyri Haekaemies said.

“We’ll go through different available instruments to respond to the increased costs,” Haekaemies said in an interview in Helsinki today. “The forest industry is the most concerned and considers it a major cost increase. These messages will be taken seriously and we’ll see in March how far the government is prepared to go.”

The new rules requiring a reduction of sulfur used in marine fuel will cost Finnish industry about 600 million euros ($775 million) each year, the equivalent of about 12,000 jobs, the Federation of Finnish Technology Industries said Sept. 11.

Exports account for about 40 percent of the Nordic nation’s economy, including paper sold by Stora Enso Oyj and UPM-Kymmene Oyj, as well as steel delivered by Rautaruukki Oyj. More than 80 percent of Finnish foreign trade is transported on ships and affected by the new sulfur rule.

The forest industry said Sept. 11 its costs will increase by 200 million euros each year and UPM Chief Executive Officer Jussi Pesonen said the papermaker will shift about 300,000 tons of paper production to Central Europe to escape the higher cost, newspaper Maaseudun Tulevaisuus reported on Sept. 7.

The first part of the regulations will affect vessels in the Baltic Sea, the North Sea and the English Channel, limiting sulfur in fuel to 0.1 percent in 2015 compared with 1 percent now. The sulfur limit in other EU waters will drop to 0.5 percent in 2020 from as much as 3.5 percent now.

No amount is yet set for the compensation, Haekaemies said. The government negotiates its spending framework for four years until 2017 next March. The talks are “the target date by which we aim to specify the amount and who gets the compensation, so that it goes to those most affected.”

<http://www.businessweek.com/news/2012-09-13/finland-plans-to-offset-costs-to-industry-from-eu-sulfur-rules>