

# Finland

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RISK & COMPLIANCE REPORT

DATE: March 2018

## Executive Summary - Finland

**Sanctions:**

None

**FAFT list of AML  
Deficient Countries**

No

**Major Investment Areas:****Agriculture - products:**

barley, wheat, sugar beets, potatoes; dairy cattle; fish

**Industries:**

metals and metal products, electronics, machinery and scientific instruments, shipbuilding, pulp and paper, foodstuffs, chemicals, textiles, clothing

**Exports - commodities:**

electrical and optical equipment, machinery, transport equipment, paper and pulp, chemicals, basic metals; timber

**Exports - partners:**

Sweden 11.1%, Russia 9.9%, Germany 9.4%, Netherlands 6.4%, US 6.1%, UK 5.1%, China 4.6% (2012)

**Imports - commodities:**

foodstuffs, petroleum and petroleum products, chemicals, transport equipment, iron and steel, machinery, computers, electronic industry products, textile yarn and fabrics, grains

**Imports - partners:**

Russia 17.8%, Sweden 14.8%, Germany 13.9%, Netherlands 8%, China 4.4% (2012)

**Investment Restrictions:**

The Finnish government is open to direct foreign investment. There are no general regulatory limitations relating to acquisitions. Legislative control of mergers and acquisitions is mainly governed by domestic and EU competition rules.

In most fields of business activity, participation by foreign companies or individuals is unrestricted. As the government pursues privatization of state-owned companies, both private and foreign participation is welcome except in some enterprises operating in sectors related to national security.

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## Section 1 - Background

Finland was a province and then a grand duchy under Sweden from the 12th to the 19th centuries, and an autonomous grand duchy of Russia after 1809. It won its complete independence in 1917. During World War II, it was able to successfully defend its freedom and resist invasions by the Soviet Union - albeit with some loss of territory. In the subsequent half century, the Finns made a remarkable transformation from a farm/forest economy to a diversified modern industrial economy; per capita income is now among the highest in Western Europe. A member of the European Union since 1995, Finland was the only Nordic state to join the euro system at its initiation in January 1999. In the 21st century, the key features of Finland's modern welfare state are a high standard of education, equality promotion, and national social security system - currently challenged by an aging population and the fluctuations of an export-driven economy.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Finland is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

In 2013, Finland was removed from the regular follow-up process and agreed that it should now report on any further improvements to its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) system on a biennial basis.

### US Department of State Money Laundering assessment (INCSR)

Finland was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

#### Perceived Risks:

Finland is not a regional center for money laundering, financial crime, or illegal commerce. The major sources of illegal proceeds in Finland relate to financial crimes, and the majority of investigated suspicious financial activities have an international dimension. The number of organized criminal groups has grown slightly in the past few years, as has the number of their members (totaling approximately 1,000). Illicit funds are normally laundered through currency exchanges and gaming establishments. According to the National Bureau of Investigation, the use of virtual currency, such as bitcoin, as well as phone transactions have become more common in money laundering cases. In November 2015, the Finnish Security Intelligence Service (SUPO) reported that the risk of terrorism in Finland had increased from "very low" to "low" since June 2014, when the last assessment was published. Finnish authorities vigorously investigate terrorism-related fundraising.

In September 2015, the Police University College published Finland's first national risk assessment of money laundering and terrorist financing. The report found that the key risk items of money laundering and terrorist financing in Finland are associated with real estate investments, transport of cash, front companies, online services, online shadow financing markets, and customer fund accounts.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US

CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

**CRIMINALIZATION OF MONEY LAUNDERING:**

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes  
Are legal persons covered: criminally: YES civilly: YES

**KNOW-YOUR-CUSTOMER (KYC) RULES:**

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES  
KYC covered entities: Banks; investment firms, management companies, and custodians; the central securities depository and book entry registrars; payment institutions and money transmitters and remitters; insurance companies, local mutual insurance associations, and insurance intermediaries; authorized pension insurance companies; limited liability companies or cooperatives engaged in restricted credit institution activities; tax advisors; apartment rental and real estate agents; auditors, lawyers, notaries, and accountants; trust and company service providers; pawnshops and dealers in high-value goods; casinos and gaming entities

**REPORTING REQUIREMENTS:**

Number of STRs received and time frame: 37,703 in 2015  
Number of CTRs received and time frame: Not applicable  
STR covered entities: Banks; investment and fund management companies and custodians; the central securities depository and book entry registrars; payment institutions and money transmitters and remitters; insurance companies, local mutual insurance associations, and insurance intermediaries; authorized pension insurance companies; limited liability companies or cooperatives engaged in restricted credit institution activities; tax advisors; apartment rental and real estate agents; auditors, lawyers, notaries, and accountants; trust and company service providers; pawnshops and dealers in high-value goods; casinos and gaming entities

**MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:**

Prosecutions: Not available  
Convictions: 12 in 2014

**RECORDS EXCHANGE MECHANISM:**

With U.S.: MLAT: YES Other mechanism: YES  
With other governments/jurisdictions: YES

Finland is a member of the FATF.

**ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:**

The Government of Finland has a comprehensive AML/CFT regime. The national risk assessment will be used in the preparation of Finland's national strategy and efforts to reform Finland's AML legislation. The National Bureau of Investigation (NBI) Counsel reviewed the enhanced due diligence requirements for politically exposed persons (PEPs) and determined they apply equally for foreign and domestic individuals. The number of suspected money laundering cases fell in 2014 for the first time in the history of the financial intelligence unit (FIU).

On January 1, 2015, two amendments to Chapter 34A of the Finnish penal code, Finland's terrorism statute, took effect, expanding the scope of criminal offenses related to terrorist training and financing. The first amendment makes receiving terrorist training a crime, punishable by a fine or a maximum of three years in prison. This change is a significant expansion from existing law, which criminalized the provision of terrorist training but did not expressly prohibit receiving such training. The second amendment makes the act of knowingly collecting funds for a terrorist group, either directly or indirectly, a crime punishable by a fine or a maximum of three years in prison, expanding the scope of the existing terrorism financing provision of the law, which dates from 2002. During 2014, the FIU received 13 suspicious transaction reports (STRs) connected to terrorism. The FIU confiscated 11.5 million euros (approximately \$12.45 million) of funds with criminal origins.

In June 2015, the government amended the Law on Preventing Money Laundering to specify NBI's responsibility for preventing, identifying, and resolving money laundering cases. This amendment further applies to financing terrorism or crimes through which perpetrators have received benefits or property through money laundering or terrorist financing. Another amendment notes that, in addition to the right to obtain and use information, the NBI also can share information without breaching confidentiality regulations.

### **EU White list of Equivalent Jurisdictions**

Finland is on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Denmark is not considered to be an Offshore Financial Centre

### US State Dept Narcotics Report

No report available

### US State Dept Trafficking in Persons Report 2016:

Finland is classified a Tier 1 country - is a country whose government fully complies with the Trafficking Victims Protection Act's (TVPA) minimum standards.

Finland is a transit, destination, and limited source country for women and girls subjected to sex trafficking and for men and women subjected to forced labor. Forced labor victims come from several countries, primarily in Eastern Europe and Asia. Many victims arrive in Finland legally and are exploited in the construction, restaurant, agriculture, metal, and transport industries, and as cleaners, gardeners, and domestic servants. Seasonal berry pickers, many of whom arrive from Thailand, are especially vulnerable to labor exploitation. Female sex trafficking victims originate primarily in Eastern Europe, Southeast Asia, and West Africa. Finnish women and children, mostly girls, are vulnerable to sex trafficking. In its 2015 report, GRETA highlighted forced begging and forced criminality as emerging problems.

The Government of Finland fully meets the minimum standards for the elimination of trafficking. During the reporting period, the government implemented changes to the victim assistance system clarifying how victims enter, exit, and receive services within it. Victim identification, especially of children, was inadequate; no children were admitted to the victim assistance system in 2015. The government increased the number of investigations, prosecutions, and convictions of trafficking cases compared to the previous reporting period, although courts continued to issue weak sentences for convicted traffickers. It continued to provide training for prosecutors and law enforcement personnel and designated police officers in each region to serve as a national network of anti-trafficking experts. The national coordinator began drafting a new national anti-trafficking action plan. The government appointed a new non-discrimination ombudsman, who also served as the national rapporteur on trafficking. The national rapporteur's annual report on trafficking was discontinued; the government planned to incorporate trafficking into a broader non-discrimination report.

### Latest US State Dept Terrorism Report 2009

Information sharing between Finnish and U.S. authorities regarding terrorism-connected cases was an effective tool for both countries. Relevant Finnish agencies monitored potential threats closely and kept their international partners apprised of threats with connections outside the borders of Finland.

In a rare publicized case in November, a Finnish citizen was deported from Sweden to Finland because of suspected links to a terrorist organization. Media reports confirmed by the government indicated that this individual was closely monitored by the Security Police (SUPO) after his return from Sweden.



Finland took additional steps to verify the identity of those seeking to enter the country and anticipated a further surge in immigration through family reunification. The Government of Finland continued to exert significant efforts to assimilate newcomers into society and to avoid conditions that would lead to radicalization of minority groups. These measures included social benefits, Finnish language training, and ombudsmen's offices to advocate on behalf of immigrants.

One new measure that Finland was considering to prevent the infiltration of terrorists or their facilitators into the country was the permanent stationing of SUPO officers at Finnish embassies abroad. If approved, this would be the first foreign deployment of dedicated counterterrorism personnel. The director of SUPO has publicly stated that these officers would be focused on "stop(ping) potential terrorists in the country of departure." The government has made a request to parliament for US\$ 2.3 million to fund the 15-20 personnel who would be involved in the effort.

Finland continued its contributions towards building counterterrorism capacity with overseas partners. It made donations, under its G8 Global Partnership pledge, of approximately US\$ 14 to 21 million for the period 2004-2014, including about US\$ 350,000 as part of the Nuclear Smuggling Outreach Initiative to provide equipment to the Kyrgyz Republic needed to prevent the smuggling of nuclear materials that might be sought by terrorist groups. Finland also began a police- prosecutor training program in Afghanistan to facilitate investigation and prosecution of serious crimes there, including those related to terrorism, and it continued to be the third-largest contributor of trainers to the EUPOL training program for Afghan police. On January 22, the government reached a decision to temporarily increase the strength of Finnish military crisis management personnel by approximately 50 soldiers from the current ceiling of 145, all expected to be deployed by the beginning of 2011. Finland also aimed to allocate a larger proportion of its development cooperation funding to the northern provinces of Afghanistan, and to deepen its participation in the EU police mission in northern Afghanistan.

## International Sanctions

None applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	85
World Governance Indicator – Control of Corruption	100

Corruption does not impact businesses operating in Finland. The Finnish regulatory system is transparent, and administrative corruption is almost non-existent. The Criminal Code contains provisions against active and passive bribery, embezzlement, fraud and abuse of office, and persons and companies can be held liable for offences. Facilitation payments are prohibited, while the propriety of gifts and hospitality depends on their value, the intent and the potential benefit obtained. Corruption is limited due to an administrative culture of transparency and openness, a strong system of internal and external controls, and the involvement of civil society in the management of public affairs. Isolated incidents of corruption and favouritism do occur, primarily at the local level, where the interests of businesses and local politicians are sometimes improperly linked in so-called 'old-boys networks'. **Information provided by GAN Integrity.**

## Corruption and Government Transparency - Report by US State Department

Corruption is not perceived as a serious threat and Finland has no dedicated national anti-corruption strategy. The Internal Security Program of 2012 discusses the risks of corruption in public procurement and for Finnish enterprises or their representatives when conducting business abroad.

Corruption in Finland is covered by the Criminal Code and provides for sanctions ranging from fines to imprisonment of up to four years. Both giving and accepting a bribe is considered a criminal act under the Criminal Code. Finland has statutory tax rules concerning non-deductibility of bribes. Finland is a signatory to the OECD Convention on Anti-Bribery. A Transparency International progress report on enforcement of the OECD Convention, released in October 2013, rated Finland's enforcement as "moderate."  
[http://issuu.com/transparencyinternational/docs/2013\\_exportingcorruption\\_oecdprogre](http://issuu.com/transparencyinternational/docs/2013_exportingcorruption_oecdprogre)

Finland does not have an authority specifically charged with the prevention of corruption. The Ministry of Justice is responsible for the coordination of anti-corruption matters although Finland's anti-corruption contact point for EU purposes is in the Ministry of the Interior. Ministry of Justice in 2002 set up a special anti-corruption network which meets to discuss and exchange information. The National Bureau of Investigation has an officer whose full-time duty is to follow matters related to corruption in Finland. The tax administration has, after recommendations from the Organization for Economic Cooperation and Development (OECD), published guidelines for tax officials stating their obligation to report suspected

criminal offences, including foreign bribery. The Ministry of Finance has also published guidelines for government officials on hospitality, benefits, and gifts.

For more, see the Ministry of Justice's "Corruption and the Prevention of Corruption in Finland," found at:

<http://www.oikeusministerio.fi/material/attachments/om/tiedotteet/en/2009/6AH99u1tG/Corruption.pdf>

Over the past decade, Finland has placed first or second on Transparency International's Corruption Perceptions Index (CPI). In 2013, Transparency International ranked Finland as the third least corrupt country in the world. Transparency International says that Finland still faces some corruption issues related to "old-boys' networks" where a small group of elites, sometimes with political connections, make deals and decisions in a non-transparent manner.

The Act on a Candidate's Election Funding (273/2009) delineates election funding and disclosure rules in parliamentary, presidential, municipal, and European Parliamentary elections. The Act requires presidential candidates, Members of Parliament and Deputy Members to declare their total campaign financing and the financial value of each contribution as well as the name of the donor for donations exceeding EUR 1,500. The National Audit Office of Finland keeps a register containing the information in the election funding disclosures, available at: <http://www.vaalirahoitusvalvonta.fi>

Lobbying is not regulated in Finland. There is no requirement for lobbyists to register or for reporting contacts between public officials and lobbyists.

The Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime entered into force in July 1994. Finland ratified the Council of Europe Civil Law Convention on Corruption in October 2001. Finland ratified the Criminal Law Convention on Corruption in October 2002. The UN Convention against Transnational Organized Crime was ratified in February 2003. Finland ratified the UN Convention against Corruption in July 2006. In 2008 and 2011, Finland renewed the reservations in respect to Article 12 (trading in influence) and Article 17 (jurisdiction).

Finland is a member of the European Partners against Corruption (EPAC), which cooperates with national police oversight bodies and anti-corruption authorities of the European Union. Finland has joined the Extractive Industries Transparency Initiative (EITI), which supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas, and mining.

Finland is a party to the 1957 European Convention on Extradition. Finland has ratified the 1959 European Convention on Mutual Legal Assistance in Criminal Matters and its 1978 Additional Protocol. Finland is a party to the 1996 Convention on Extradition between EU member States as well the 1995 Convention on Simplified Extradition Procedure within the EU.

The United States and Finland have an extradition treaty, signed in June 1976; that entered into force in May 1980. The United States and the EU signed a bilateral extradition and mutual legal assistance treaty (MLAT) in December 2003. The United States and Finland signed a bilateral MLAT in December 2004. Finland ratified the MLAT agreements and approved the necessary implementing bilateral instruments in December 2007.

### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Finland conforms with regard to all government legislation required to combat money laundering

### **EU White list of Equivalent Jurisdictions**

Finland is on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Finland is not considered to be an Offshore Financial Centre

## Section 3 - Economy

Finland has a highly industrialized, largely free-market economy with per capita GDP almost as high as that of Austria, Belgium, the Netherlands, or Sweden. Trade is important, with exports accounting for over one-third of GDP in recent years.

Finland is historically competitive in manufacturing - principally the wood, metals, engineering, telecommunications, and electronics industries. Finland excels in export of technology for mobile phones as well as promotion of startups in the information and communications technology, gaming, cleantech, and biotechnology sectors. Except for timber and several minerals, Finland depends on imports of raw materials, energy, and some components for manufactured goods. Because of the cold climate, agricultural development is limited to maintaining self-sufficiency in basic products. Forestry, an important export industry, provides a secondary occupation for the rural population.

Finland had been one of the best performing economies within the EU before 2009 and its banks and financial markets avoided the worst of global financial crisis. However, the world slowdown hit exports and domestic demand hard in that year, causing Finland's economy to contract from 2012-14. The recession affected general government finances and the debt ratio.

Finland's main challenges will be reducing high labour costs and boosting demand for its exports. In the long term, Finland must address a rapidly aging population and decreasing productivity in traditional industries that threaten competitiveness, fiscal sustainability, and economic growth. The depreciating ruble and Russia's general economic slowdown will dampen exports to Russia.

### **Agriculture - products:**

barley, wheat, sugar beets, potatoes; dairy cattle; fish

### **Industries:**

metals and metal products, electronics, machinery and scientific instruments, shipbuilding, pulp and paper, foodstuffs, chemicals, textiles, clothing

### **Exports - commodities:**

electrical and optical equipment, machinery, transport equipment, paper and pulp, chemicals, basic metals; timber

### **Exports - partners:**

Germany 13.9%, Sweden 10.1%, US 7%, Netherlands 6.6%, Russia 5.9%, UK 5.2%, China 4.7% (2015)

### **Imports - commodities:**

foodstuffs, petroleum and petroleum products, chemicals, transport equipment, iron and steel, machinery, computers, electronic industry products, textile yarn and fabrics, grains

### **Imports - partners:**

Germany 17%, Sweden 16%, Russia 11%, Netherlands 9.1%, Denmark 4.1% (2015)

## Banking

At the end of 2009, there were a total of 325 banks in Finland, 13 of which are branches of foreign banks accepting deposits. The banks had a total of 1,606 branches in Finland at the end of the year.

The Finnish banking system is dominated by three major groups of deposit banks: OP-Pohjola Group, Nordea Bank Finland, and Sampo Bank which is part of Danske Bank A/S, the largest foreign branch operating in Finland. Operating since 1982, Citibank International plc was the first foreign branch in Finland.

Mergers and consortiums have formed the Finnish banking sector. Banks and insurance companies have sought new forms of co-operation, and the operations of banks have extended to many sectors of financing and investment. The financial and banking markets are international, and it is almost impossible to draw a boundary between national and international banking.

The most important piece of legislation governing banking in Finland is the Act on Credit Institutions. From the beginning of January 2009, Finanssivalvonta (FIVA), or the Financial Supervisory Authority (FIN-FSA) has been the new authority for supervision of Finland's financial and insurance sectors and responsible for most of the supervisory functions previously undertaken by its predecessors, the Financial Supervision Authority, and the Insurance Supervisory Authority. The Financial Supervision Authority oversees the compliance with the laws and regulations, and ensures that banks' capital adequacy is kept at a sound level.

The Federation of Finnish Financial Services is a trade body that represents its member companies who engage in the financial services industry in Finland. The Federation was formed at the start of 2007 when the Finnish Bankers' Association, the Federation of Finnish Insurance Companies, the Finnish Finance Houses Association, and the Employers' Association of Finnish Financial Institutions joined forces. The Finnish Association of Securities Dealers also joined the Federation in 2009.

## Stock Exchange

In Finland, the Securities Market Association established by the Central Chamber of Commerce, the Confederation of Finnish Industries EK and NASDAQ OMX Helsinki Ltd has developed and updated the Finnish Corporate Governance Code for companies listed on the Helsinki Stock Exchange.

## Section 4 - Investment Climate

### Executive Summary

Finland is a Nordic country located in Northern Europe with a stable and modern economy. Finland is a member of the European Union and part of the euro area. The Government of Finland (GOF) is open to foreign direct investment (FDI) and offers a business-friendly environment. The country has a highly-skilled, educated and multilingual labor force, with strong expertise in Information Communications Technology (ICT), ship building, and renewable energy. Key challenges for foreign investors include a rigid labor market, powerful unions, and bureaucratic red tape in starting certain businesses. In 2014, the FDI flow into Finland increased by 17.2 billion USD. During the same period, Finland received 11.8 USD in portfolio investment.

The GOF has taken steps to attract foreign investment by creating a network called Team Finland that promotes foreign investment and promotes the country's international image. This one-stop shop brings together the services of a variety of state-funded agencies. Both foreign and domestic companies can benefit from GOF investment incentives, research and development support, and innovation systems. The U.S. Embassy in Helsinki, through the Foreign Commercial Service and Political/Economic Sections, is a strong partner with U.S. businesses that wish to connect to the Finnish market. Finnish companies are very active in the fields of information technology, energy, biotech, and clean technology. With excellent transportation links to the Nordic-Baltic region and Russia, Finland can be a good hub for establishing regional operations.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	2 of 167	<a href="http://www.transparency.org/cpi2015/#results-table">http://www.transparency.org/cpi2015/#results-table</a>
World Bank's Doing Business Report "Ease of Doing Business"	2015	10 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
Global Innovation Index	2015	6 of 143	N/A
U.S. FDI in partner country	2014	USD17.27 billion	BEA/Host government
World Bank GNI per capita	2014	39,940	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

### 1. Openness To, and Restrictions Upon, Foreign Investment

#### Attitude toward Foreign Direct Investment

The Finnish government is open to foreign direct investment. There are no general regulatory limitations relating to acquisitions. A mixture of domestic and European Union competition



rules govern mergers and acquisitions. Certain acquisitions of large Finnish companies may require follow-up clearance from the Ministry of Employment and the Economy in accordance with the Act on the Control of Foreign Acquisitions of Finnish Companies. The stated purpose of the clearance is to protect essential national interests.

The Act on the Monitoring of Foreign Corporate Acquisitions in Finland entered into force in June 2012. The Act calls for the Ministry of Employment and the Economy to monitor and confirm foreign corporate acquisitions. A “corporate acquisition” is defined as a transaction in which a foreign owner gains control of at least ten percent of the total number of votes accompanying shares in a limited liability company, or – in the case of another type of corporation or business undertaking – gains corresponding dominant control over the acquired enterprise. The Ministry decides whether an acquisition conflicts with vital national interests. Only corporate acquisitions in the defense and dual-use goods sector are subject, without exception, to advance confirmation by the Ministry. In defense matters, monitoring covers all foreign owners. In the civilian sector, monitoring is targeted at Finnish enterprises considered critical in terms of vital infrastructures necessary for maintaining functions fundamental to society, such as energy, communications, or food supply. In civilian cases, monitoring only applies to foreign owners domiciled outside EU and European Free Trade Association (EFTA) states. For more information see: [http://www.tem.fi/files/33479/Monitoring\\_of\\_foreign\\_corporate\\_acquisitions\\_by\\_the\\_Ministry\\_of\\_Employment\\_and\\_the\\_Economy\\_041012.pdf](http://www.tem.fi/files/33479/Monitoring_of_foreign_corporate_acquisitions_by_the_Ministry_of_Employment_and_the_Economy_041012.pdf).

Finland does not preclude foreign investment, but some tax policies may make it unattractive to investors. Finnish tax authorities treat the movement of ownership of shares in a Finnish company into a foreign company as a taxable event. Finland complies with EU directives that require it to allow such transactions based in other EU member states without taxing them.

Finland does not grant foreign-owned firms any special treatment like tax holidays or other subsidies, which are not currently available to other firms. Instead, Finland relies on policies that offer both domestic and international firms appropriate conditions and advanced factors of production, including an educated labor force and well-functioning infrastructure. The Finnish government recently cut the corporate tax rate from 24.5 percent to 20 percent.

#### Other Investment Policy Reviews

Finland has been a member of the World Trade Organization (WTO) and the EU since 1995. The WTO conducted its Trade Policy Review of Finland in July 2015: [https://www.wto.org/english/tratop\\_e/tpr\\_e/s317\\_e.pdf](https://www.wto.org/english/tratop_e/tpr_e/s317_e.pdf). The Organization for Economic Cooperation and Development (OECD) has not conducted an Investment Policy Review of Finland. The Research Institute of the Finnish Economy (ETLA), regularly publishes reports that review different sectors in the Finnish economy and factors that may impact investment: <https://www.etla.fi/en/publications/dp1267-en/>.

#### Laws/Regulations on Foreign Direct Investment

There are some legal requirements for non-European Economic Area (EEA) residents (persons or companies) to conduct business in Finland. A non-EEA resident operating in Finland must obtain a license or a notification when starting a business in a regulated industry.

A comprehensive list of regulated industries can be found at Enterprise Finland – Permits/ Foreign entrepreneur’s permits, licenses and notifications: <https://www.yrityssuomi.fi/en/luvat>. See also Ministry of Employment and the Economy, Regulated Trade guidelines: [https://www.tem.fi/en/consumers\\_and\\_the\\_market/regulated\\_trades](https://www.tem.fi/en/consumers_and_the_market/regulated_trades).

The autonomously governed Åland Islands are an exception to common Finnish practice. Based on international agreements dating from 1921, property ownership and the right to conduct business are limited to individuals with the right of domicile in the Åland Islands. This does not prevent people from settling in or trading with the Åland Islands. Immigrants who have lived in Åland for five years and have an adequate knowledge of Swedish may apply for domicile status. The Åland Government can grant exemptions from the requirement of right of domicile for those wishing to acquire real property or conduct a business there.

A merger control regime was adopted in 1998 as part of Chapter 4 of the Competition Act. These guidelines allow the government to block mergers in certain situations where the result would harm market competition. The Finnish Competition and Consumer Authority (FCCA) issued guidelines on merger control in 2011. The guidelines clarify the application and interpretation of these merger control provisions. More information can be found at <http://www.kkv.fi/en/facts-and-advice/competition-affairs/merger-control/>.

### *Business Registration*

All businesses in Finland must be publicly registered at the Finnish Trade Register. Businesses must also notify the Register of any changes to their registration information. Most businesses must also submit their financial statements (annual accounts) to the register.

The Trade Register has a joint notification procedure and an information service with the Finnish Tax Administration. The Business Information System BIS (“YTJ” in Finnish) is an online service enabling you to file information to both authorities using one single notification. You can use the BIS to: start a business or an organization, report changes, close down a business or an organization, or search for basic details of companies and organizations using the company search. More information can be found at <https://www.prh.fi/en/kaupparekisteri/rekisterointipalvelut.html>.

Permits, licenses, and notifications required by a foreign entrepreneur depend on whether they originate from a Nordic country, the European Union, or outside the European Union. The type of company also affects the permits that are required. Permits and notifications required by a foreigner may include, for example, registration of the right to reside in Finland, residence permit for an employee or self-employed person and registration in the Finnish Population Information System. In addition, a foreigner may need a permit from the Finnish Patent and Registration Office to serve as a partner in a partnership or in an administrative body of a company, for example. More information on registration and permits can be found at <https://www.yrityssuomi.fi/en/ulkomaalaisen-yrittajan-luvat-ja-ilmoitukset>.

The practice of some trades in Finland requires that the business only notify the authorities or register with them in order to practice in that particular field of trade. The practice of some other trades requires a separate license, without which the company cannot operate. Companies wishing to practice in specific trades should confirm requirements with Finnish authorities. The law states that entrepreneurs must take out pension insurance for their employees. In certain fields, entrepreneurs are obligated to take out additional insurance

policies. All businesses have a statutory obligation to maintain financial accounts. With the exception of small companies, businesses must also appoint an external auditor.

Finland ranked 33rd on World Bank Group's Starting a Business ranking among 189 economies:

<http://www.doingbusiness.org/data/exploreeconomies/finland/starting-a-business/>.

The Team Finland network offers companies internationalization services, attracts investments to Finland and coordinates Finland's country brand communications. Team Finland brings together publicly funded internationalization services available to companies and helps companies with advice, financing, and networking. The center for promoting investments is Invest in Finland, which produces information on Finland as an investment target, and develops and coordinates the network's activities in attracting investments. When Team Finland introduced a new customer service model in August 2015, it enhanced customer's access to these services. Customers can now access all of the Team Finland network services in a single spot, without going from one organization to another. Team Finland's website is [www.team.finland.fi/en](http://www.team.finland.fi/en).

Finland has a total of 283,290 enterprises (2013 figures, excluding agriculture), of which 98.9% are SMEs employing fewer than 50 people. 93.4% of Finnish companies have fewer than 10 employees. SMEs play a significant role in Finland's employment numbers and in the economy. As many as 65% of all private-sector employees work for companies that employ fewer than 250 people; these enterprises generate about 50% of the combined turnover of all Finnish businesses. SMEs are also responsible for more than 16% of Finland's export revenue. In Finland, Micro, Small, and Medium-sized enterprises (MSME) are defined as follows: Medium-sized (50–249 employees), Small (10–49 employees), and Micro (1–9 employees).

#### Industrial Promotion

In 2013, the Ministry of Employment and the Economy published the report called the Industrial Competitiveness Approach: Means to Guarantee Economic Growth in Finland in the 2010s which highlights the need for increased foreign investment. The report can be found at [https://www.tem.fi/files/37744/TEMjul\\_9\\_2013\\_web\\_17102013.pdf](https://www.tem.fi/files/37744/TEMjul_9_2013_web_17102013.pdf).

Finland has much to offer to international investors and companies in the ICT sector, including first-rate availability of talented and qualified ICT engineers, and easy access to public R&D funding and development networks. Finland has also developed a very strong mobile communications cluster. Other ICT clusters in Finland include game developing, digital business, ubiquitous computing, and nanotechnology.

#### Limits on Foreign Control and Right to Private Ownership and Establishment

Companies benefit from preferential trade arrangements through Finland's membership in the EU and WTO, in addition to the protection offered by Finland's bilateral investment treaties with more than sixty-five countries.

The only law that governs foreign investments in Finland is the Act on the Monitoring of Foreigners' Corporate Acquisitions in Finland, which entered into force on June 1, 2012. The review pursuant to the Act is limited to investments in two classes of companies: companies in the defense sector and companies that are deemed critical for the vital functions of the society.

Act on the Monitoring of Foreign Corporate Acquisitions in Finland:  
[https://www.tem.fi/files/41173/FINAL\\_EN\\_Unofficial\\_translation.pdf](https://www.tem.fi/files/41173/FINAL_EN_Unofficial_translation.pdf)

The Ministry of Employment and the Economy must clear a foreigner's corporate acquisition, unless a key national interest is jeopardized as a consequence of the acquisition. Within the meaning of the Act, "key national interests" include securing national defense, as well as safeguarding public order and security. If the Ministry finds that a key national interest is jeopardized, it must refer the matter to the Council of State, which, in turn, may refuse to confirm the acquisition, but only when it is necessary to protect such an interest.

Concerning corporate acquisitions in the defense sector, foreign owners must apply for the Ministry's prior confirmation. The defense sector includes all entities that supply or have supplied goods or services to the Finnish Ministry of Defense, the Finnish Defense Forces, or the Finnish Border Guard, as well as entities dealing in dual-use goods. The substantive elements in evaluating the application are identical to those applied to other corporate acquisitions.

*Right to private ownership:* Private ownership is normal in Finland. In most fields of business activity and participation by foreign companies or individuals is unrestricted. When the government privatizes state-owned companies, both private and foreign participation is allowed except in enterprises operating in sectors related to national security.

#### Privatization Program

Under the State Shareholders and Ownership Steering Act, Parliament must make all decisions identifying the companies in which the State may relinquish its sole ownership (100% of the votes) or its control (minimum of 50.1% of the votes) of a given company. The Government makes all decision on the sales of shares.

The State has privatized companies by selling shares to Finnish and foreign institutional investors, and through public offerings. Where possible, shares have also been issued or sold to employees. The State has also implemented a number of extensive restructuring schemes.

Since 1993, State-owned companies have raised a total of EUR 1.4 billion in venture capital from the market by expanding their ownership base. At the same time, the State has gained EUR 15.8 billion in revenues from the sale of its holdings. The State has used most of the revenues from the sale of its corporate assets to promote business and industry.

According to the current Government Program, "the proceeds from the sale of state assets are primarily to be used for repayment of central government debt. Up to 25%, but no more than EUR 150 million of any annual revenues exceeding EUR 400 million, may be used for projects designed to strengthen the economy and promote growth."

In March 2014, members of the government and the opposition agreed to sell EUR 1.9 billion worth of state-owned enterprises (SOEs).

#### Screening of FDI

The Ministry of Employment and the Economy is the authority responsible for monitoring and confirming corporate acquisitions.

Filing an application/notification concerning a corporate acquisition with the Ministry of Employment and the Economy registry is voluntary. Nevertheless, the Ministry may at its own

discretion request all necessary information connected to a foreigner's corporate acquisition. In such cases, the foreign investor is obligated to comply with the request.

The law does not specify a time limit for voluntarily filing a notification. Thus, a foreign owner may file the notification either before or after the actual transaction. A transaction is considered approved if the Ministry does not request additional information, initiate further proceedings within six weeks, or refuse to confirm the transaction within three months.

The Ministry cannot render an opinion on an acquisition before an application has been filed. It is, however, possible for an investor to contact the Ministry for guidance before filing a notification. Notifications may only be filed in one of Finland's official languages: Finnish or Swedish. Supporting documents may be in English. There is no official template for the notification.

The notification must include information on the monitored entity's pre- and post-transactional structures of ownership, and the acquiring entity's structure of ownership. If known, an acquiring entity must also state its intentions in relation to the monitored entity. There are no fees for filing a notification or an application.

## Competition Law

In 2011 Finland's Competition Act entered into force. This act brought Finland's competition regulations closer to those applied by the EU. The most important changes relate to merger control, procedural rules, leniency, and damages.

Link to the Finnish Competition and Consumer Authority's Competition affairs legislation and guidelines page: <http://www.kkv.fi/en/facts-and-advice/competition-affairs/legislation-and-guidelines/competition-act/>.

The Finnish Competition and Consumer Authority (FCCA) protects economic competition by intervening, when necessary, in restrictive practices, such as cartels and abuse of dominant position, violations of the Competition Act and Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU). More information can be found at <http://www.kkv.fi/en/facts-and-advice/competition-affairs/>.

## 2. Conversion and Transfer Policies

### Foreign Exchange

Finland adopted the Euro as its official currency in January 1999. The Euro floats freely and independently against other currencies. Finland maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions, except for those measures imposed for security reasons in accordance with Regulations of the Council of the European Union.

### *Remittance Policies*

There are no legal obstacles to direct foreign investment in Finnish securities or exchange controls regarding payments into and out of Finland. Funds from Finland or to Finland are freely transferable. Legal provisions prevent money laundering and the financing of terrorism and banks must identify their customers and report suspected cases. Banks and credit institutions must also report single payments or transfers of EUR 15,000 or more. If a bank finds

the origin of funds suspect, it is required to immediately inform the National Bureau of Investigation.

There are no restrictions on current transfers or repatriation of profits. Residents and non-residents may hold foreign exchange accounts. There is no limit on dividend distributions as long as they correspond to a company's official earnings records.

In June 2007, Finland implemented the EU's regulation on the transport of currency over EU borders. The regulation requires anyone carrying more than EUR 10,000 to provide a declaration upon entering or leaving EU territory.

As Financial Action Task Force (FATF) member, Finland observes most of FATF's 49 standards. According to the FATF's 9th follow-up report in 2013, Finland has made significant progress in addressing the deficiencies identified in the 2007 mutual evaluation report and will be removed from the follow-up process. FATF praised Finland for improvements in its anti-money laundering legal frameworks. See the FATF report at: [http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Finland\\_FUR\\_2013.pdf](http://www.fatf-gafi.org/media/fatf/documents/reports/mer/Finland_FUR_2013.pdf).

### **3. Expropriation and Compensation**

Finnish law protects private property rights. Private property is only expropriated for public purposes (eminent domain) in a non-discriminatory manner with reasonable compensation and in accordance with established principles of international law.

### **4. Dispute Settlement**

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Finland has a civil law system. European Community (EC) law is directly applicable in Finland and takes precedence over national legislation.

The Market Court was established in 2002 as a special court for rulings in commercial law, competition, and public procurement cases, and may issue injunctions and penalties against the illegal restriction of competition. It also governs mergers and acquisitions and may overturn public procurement decisions, adjust the procurement process, and require compensatory payments. The Market Court has jurisdiction over disputes between the Consumer Ombudsman and businesses regarding whether goods or services have been marketed in an unfair manner. Since 2013, the Market Court also hears industrial and civil IPR cases.

In May 2004, the Act on Competition Restrictions was harmonized with EU competition rules. A new Competition Act entered into force in Finland in November 2011. It brought Finland's competition regime closer to that of the EU's. The most important changes relate to merger control, certain procedural rules, leniency, and damages. For more information see the Competition Act (No 948/2011) at: <http://www.finlex.fi/fi/laki/kaannokset/2011/en20110948.pdf>.

Bankruptcy

The Bankruptcy Act (120/2004) is a comprehensive general act, which includes provisions on the prerequisites for the initiation of bankruptcy, the different phases of the bankruptcy proceedings, the claims in bankruptcy, bankruptcy administration and the management

and sales of the assets of the bankruptcy estate. The Bankruptcy Act can be found at <http://www.finlex.fi/en/laki/kaannokset/2004/en20040120.pdf>.

In 2013, Finnish bankruptcy legislation was amended, affecting both debtor and creditor rights. The legislation established a new data management system, overseen by the Bankruptcy Ombudsman for bankruptcy and restructuring proceedings (Kosti). The new system allows creditors to easily retrieve documents and information related to bankruptcy and restructuring proceedings, offering one centralized location to find and share information, deadlines, and documents related to individual insolvency proceedings. The Act on the Recovery of Assets to a Bankruptcy Estate was amended simultaneously with the Bankruptcy Act.

Finland has consistently applied its commercial and bankruptcy laws. Secured interests in property are recognized and enforced

The Reorganization of Enterprises Act (1993/47) establishes a legal framework for the reorganization of enterprises that are economically viable but currently suffering financial difficulties. The Act applies to persons and legal entities engaged in business activity. The reorganization proceedings aim to provide the administrator, debtor, and creditors with an opportunity to produce a reorganization plan and a debt adjustment program that rehabilitates the debtor's enterprise. Proceedings for reorganization may be used as an alternative to bankruptcy proceedings in cases where it may avert or solve an enterprise's financial crisis. The Act excludes credit institutions, insurance undertakings, and certain other financial institutions.

The bankruptcy ombudsman (<http://www.konkurssiasiamies.fi/en/index.html>) supervises the administration of bankruptcy estates in Finland. The Act on the Supervision of the Administration of Bankruptcy Estates dictates Finnish law relating to the supervision of bankruptcy estates and entered into effect in 1995: [http://www.konkurssiasiamies.fi/material/attachments/konkurssiasiamiehen\\_toimistonliitteet/6JZrLGPN1/Act\\_on\\_the\\_Supervision\\_of\\_the\\_Administration\\_of\\_Bankruptcy\\_Estates.pdf](http://www.konkurssiasiamies.fi/material/attachments/konkurssiasiamiehen_toimistonliitteet/6JZrLGPN1/Act_on_the_Supervision_of_the_Administration_of_Bankruptcy_Estates.pdf).

According to the 2016 World Bank's Doing Business Report Finland ranks number one out of 189 for Ease of Resolving Insolvency. The report can be found at <http://www.doingbusiness.org/data/exploreeconomies/finland#resolving-insolvency>.

#### Investment Disputes

There have been no reported investment disputes in Finland in recent years.

#### International Arbitration

Finland brought the EU Mediation Directive (2008/52/EC) into force by implementing the Act on Mediation in Civil Disputes and Certification of Settlements by Courts (394/2011) in May 2011. Both the directive and the act aim to facilitate access to alternative dispute resolution, and promote the amicable settlement of disputes by encouraging the use of mediation and by ensuring a balanced relationship between mediation and judicial proceedings. The act also applies to settlements concluded in other EU member states. Link to Mediation Act (2011): <http://www.finlex.fi/en/laki/kaannokset/2011/en20110394.pdf>.

Finland signed the Mauritius Convention on Transparency/UN Convention on Transparency in Treaty-based Investor-State Arbitration on March 17, 2015. Under the new rules, all documents are public, hearings are open to the public, and interested parties may deliver statements to the court. At the same time, appropriate protection for confidential information will be strengthened – to safeguard business secrets, for example.

#### *ICSID Convention and New York Convention*

In 1969, Finland became a member state to the International Center for Settlement of Investment Disputes (ICSID Convention). Finland is a signatory to the convention of the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

The Institute of the Finland Chamber of Commerce (FAI), established in 1911, promotes the settlement of business disputes through the use of arbitration. The FAI has two sets of rules: the FAI Arbitration rules and FAI expedited arbitration rules, which were both revised in 2013. The new Rules seek to promote arbitration as an expeditious, cost-efficient and confidential method of resolving disputes. The Institute appoints arbitrators both to domestic and international arbitration proceedings. For more information see: <http://arbitration.fi/>. Arbitration statistics can be found at <http://arbitration.fi/fi/2015/03/13/fai-statistics-2014/>.

Link to Arbitration Act: <http://www.finlex.fi/fi/laki/kaannokset/1992/en19920967.pdf>.

FAI administers domestic and international arbitrations governed by its rules. It also appoints arbitrators in ad hoc cases when the arbitration agreement so provides, and acts as appointing authority under the UNCITRAL Arbitration Rules.

FAI administrative procedures for cases under the 2010 UNCITRAL Arbitration will come into force on 1 February 2016. The procedures are intended to supplement the provisions set out in the 2010 UNCITRAL Arbitration Rules, providing additional guidance concerning the manner in which the FAI will perform the functions of an appointing authority under the 2010 UNCITRAL Arbitration Rules. For more information see the Arbitration Institute of the Finland Chamber of Commerce: <http://arbitration.fi/2016/01/27/fai-administrative-procedures-for-cases-under-the-2010-uncitral-arbitration-rules-2/>.

#### Duration of Dispute Resolution – Local Courts

Any dispute in a civil or commercial matter of an international or domestic character which can be settled by agreement between the parties may be referred to arbitration. Arbitration is frequently used to settle commercial disputes in Finland, and is usually faster than court proceedings. An arbitral award is final and binding on the parties.

The Arbitration Institute's rules (the "FAI Rules") are the most commonly used rules. The FAI Rules can be found in English at: <http://arbitration.fi/arbitration/rules/>. In cases in which arbitration is conducted according to FAI Rules, the time limit for rendering the arbitral award is one year after the Arbitration Institute has sent the case file to the arbitral tribunal. The median duration of arbitration under the FAI Rules is about nine months.

In 2004, the Arbitration Institute introduced fast track rules. According to the Arbitration Institute's Rules for Expedited Arbitration, the arbitral award shall be rendered within three months after the Institute has sent the file in the case to the arbitrator. This time limit may be extended by the Arbitration Institute by, at most, three months. The Finnish Arbitration Act (967/1992) explicitly states that foreign nationals can act as arbitrators in Finland.



In 2014, a Guide to the Finnish Arbitration FAI Rules was published. The FAI Rules are widely applied in the resolution of commercial disputes in Finland. For more information see: <http://arbitration.fi/2015/01/15/guide-finnish-arbitration-rules-published/>.

## 5. Performance Requirements and Investment Incentives

### WTO/TRIMS

Finland as an individual country outside of the European Union has not notified the WTO of any measures that are inconsistent with Trade Related Investment Measures (TRIM) requirements, nor does Finland maintain any measures that are alleged to violate the WTO's TRIM obligations.

### Investment Incentives

Foreign-owned companies are eligible for government incentives on an equal footing with Finnish-owned companies. Support is given in the form of grants, loans, tax benefits, equity participation, guarantees, and employee training.

Examples of incentive/support: Employment and Economic Development Office: A start-up grant (max 18 months) aims to secure the livelihood of a person who becomes an entrepreneur during the time that it is estimated to be necessary to start and establish full-time business activity. Business development subsidy: A subsidy for the renewal, growth, and internationalization of SME in particular. Launching support for rural areas: Launching support helps entrepreneurs and enterprises in the early stages of their businesses planning to start a new business in a rural area (with the precondition that the business supports the vitality of the countryside and creates new opportunities for making a living).

Finnvera Guarantees: A company can use Finnvera guarantees as securities for credit and other contingent liabilities from banks and financing or insurance companies. Finnvera guarantees can improve the availability of financing when the company's own guarantees are insufficient for securing funds.

For more information see Enterprise Finland: <http://www.yrityssuomi.fi/en/rahoitus1>.

### *Research and Development*

Business aid to companies is coordinated by 15 Centers for Economic Development, Transport, and the Environment (ELY), which provide advisory, training, and expert services as well as grant funding for investment and development projects. The services offered cover internationalization of business operations, improvement of business efficiency and management skills, development of technology and innovation, and updating of staff skills and training of new employees. ELY Centers may also contribute to the funding of development projects. Funding support is discretionary and depends on the nature of the project. For more information see: <http://www.ely-keskus.fi/en/web/ely-en/business-and-industry>.

The state-owned financing company Finnvera offers services to businesses of all sizes and in most sectors, excluding building developers, forestry, field cultivation, and animal husbandry. Finnvera serves its clients through 15 regional offices. Finnvera is also Finland's official Export Credit Agency (ECA). For more information see: <https://www.finnvera.fi/eng/Start/Setting-up-a-company>.

The Finnish Funding Agency for Technology and Innovation (Tekes) can finance R&D projects undertaken by foreign-owned companies registered in Finland, and may give funding to a foreign company planning to establish a subsidiary in Finland and engaging in significant R&D and business activities in this country. For more information see: <http://www.tekes.fi/en/programmes-and-services/international-companies/>.

Support for innovative business ventures can also be obtained from the Foundation for Finnish Inventions. For more information see: <http://www.keksintösäätiö.fi> (in Finnish).

#### Performance Requirements

There are no performance requirements or commitments imposed on foreign investment in Finland. However, to conduct business in Finland, some residency requirements must be met in order to ensure that persons liable for the company's acts can be brought to court if necessary. Amendments to the Finnish Limited Liability Companies Act entered into force in August 2009 to allow the participation of shareholders in the general meetings of listed companies. The Limited Liability Companies Act of Finland can be found at <http://www.finlex.fi/fi/laki/kaannokset/2006/en20060624.pdf> (amendments up to 2011 included).

Unless Finland's international obligations provide differently, other natural and legal persons are entitled to carry on a trade or business in Finland only if the National Board of Patents and Registration grants them a permit. The Start-up notification of a limited liability company must be filed with the Trade Register. A limited liability company must be reported for registration within three months from the signing of the memorandum of association. More information here: [http://www.prh.fi/en/kaupparekisteri/yrityksen\\_perustaminen/osakeyhtio.html](http://www.prh.fi/en/kaupparekisteri/yrityksen_perustaminen/osakeyhtio.html).

#### Data Storage

There is no forced localization policy on foreign investments in Finland. Countries with adequate data protection include all countries within the European Economic Area (EEA), as well as countries, which the European Commission (pursuant to the EU Data Protection Directive 95/46/EC) has determined to guarantee an adequate level of protection. As an EU member, data transfers from Finland to non-EU countries abide by EU Data Protection Directive 95/46/EC, which will be replaced by the General Data Protection Regulation when the latter takes effect in 2018.

Finland has become a location of choice for IT servers for companies in the EU.

In cloud computing services, stored material is located on servers owned by the service provider. In most cases, these servers are located outside Finland and are typically accessed through a browser over an Internet connection.

Personal data may be transferred across international borders to server locations supporting the service, but the company must fulfill the requirements of the Finnish Personal Data Act (PDA). According to section 22 of the PDA, personal data may be transferred to outside the European Union or the European Economic Area only if the country in question guarantees an adequate level of data protection.

## 6. Protection of Property Rights

## Real Property

Secured interest in property, both movable and real, is recognized and enforced. The Finnish legal system protects property rights.

The concept of mortgage exists in Finland, and can be applied to both owned and rented real estate. The significance of mortgage banks has remained minor as deposit banks have traditionally handled housing loans in Finland.

The National Land Survey of Finland provides a reliable system for recording secured interests and registers all land in Finland. In Finland, real property formation, mutation, land consolidation, cadastral mapping, registration of real properties, ownership and legal rights, real property valuation, and taxation are all combined within one basic cadastral system (real estate register). The register is owned and maintained by the National Land Survey. For more information see: <http://www.maanmittauslaitos.fi/en>.

Finland is ranked 20th out of 189 countries in ease of Registering Property according to the World Bank's 2016 Doing Business Report.

Finland ranked first on the Property Rights Alliance 2010 International Property Rights Index (IPRI), measuring property rights in 125 countries. The index concentrates on three areas of property rights for its analysis: 1) Legal and Political Environment (LP), 2) Physical Property Rights (PPR), and 3) Intellectual Property Rights (IPR).

## Intellectual Property Rights

The Finnish legal system protects intellectual property rights, and Finland adheres to numerous international agreements concerning intellectual property rights (IPR).

Finland is a member of the World Intellectual Property Organization (WIPO). In March 2009, the government of Finland published a national IPR strategy, found at [http://www.tem.fi/files/26944/TEM\\_27\\_2010\\_netiti.pdf](http://www.tem.fi/files/26944/TEM_27_2010_netiti.pdf).

Finland has been a member of the Paris Convention for the Protection of Industrial Property since 1921; the Berne Convention for the Protection of Literary and Artistic works since 1928; the Rome International Convention for the Protection of Performers, Producers of Phonograms, and Broadcasting Organizations since 1983; and the Hague Agreement Concerning the International Deposit of Industrial Designs (Geneva Act 1999) since May 2011.

Finland is not on USTR's 2015 Out-of-Cycle Special 301 Report.

The Finnish Copyright Act, which also grants protection to authors, performing artists, record producers, broadcasting organizations and catalog producers, sets the period of copyright protection at 70 years from the death of the author. Databases, including catalogues, are protected for 15 years. The Finnish Copyright Act provides for sanctions ranging from fines to imprisonment for up to two years. Search and seizure is authorized in the case of criminal piracy, as is the forfeiture of financial gains. The Copyright Act has covered computer software since 1991. The WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) entered into force in Finland in March 2010. Finland acceded to the Agreement on Trade-Related Aspects of Intellectual Property Rights in 1995.

Finnish copyright legislation was amended in 2005 to meet the demands of the digital environment and the internet. The amendments to the Copyright Act and the amended section 49 of the Criminal Code came into force at the beginning of 2006. This reform implemented the Copyright Directive adopted by the EU in 2001. The amendments also addressed a number of national issues, such as the prohibition of the importation of pirated recordings for personal use. The Copyright Act was further amended in September 2013.

Information on copyright infringement is provided by the following copyright holder interest organizations: Copyright Society of Performing Artists and Phonogram Producers in Finland (Gramex), Finnish Composers' Copyright Society (Teosto), Copyright Organization for Authors and Publishers (Kopiosto), The Visual Artists Copyright Society (Kuvasto), Finnish Audiovisual Producers' Copyright Society (Tuotos), Finnish Copyright Society Managing the Rights of Literary Copyright Holders (Sanasto), the Copyright Information and Anti-Piracy Center (CIAPC), The Finnish Copyright Society, The Finnish Copyright Institute, the Copyright Information Centre, and the IPR University Centre. More information found here: <http://www.minedu.fi/OPM/Tekijaenoikeus?lang=en>.

The Business Software Alliance (BSA), a worldwide software anti-piracy organization, began operations in Finland in January 1994.

An exclusive right to a trademark is obtained either by registering the mark in the trademark register or by establishing it. A mark is considered established, if it has become generally known in the appropriate business or consumer circles in Finland as a symbol specific to its proprietor's goods. In Finland, the holder of the trademark register is the National Board of Patents and Registration. An applicant can also choose to apply for a community trademark that gives uniform protection throughout the European Union. Community trademarks are registered by the Office for Harmonization in the Internal Market (OHIM).

Amendments to the Trademarks Act which entered into force on January 2011 require that a trademark applicant or proprietor not domiciled in Finland have a representative resident in the European Economic Area. Finland signed the Singapore Treaty on the Law of Trademarks in October 2006.

Patent rights are consistent with international standards, and a granted patent applies for 20 years. The period of validity of patents concerning medicinal products and plant protection products can under certain conditions be prolonged by a maximum of five years through a Supplementary Protection Certificate. In 1996, Finland joined the European Patent Convention (EPC) and the European Patent Organization (EPO). Finland Joined WIPO's Patent Law Treaty (PLT) in March 2006.

The regulatory framework in Finland regarding process patents filed before 1995, and pending in 1996, denies adequate protection to many of the top-selling U.S. pharmaceutical products currently on the Finnish market. Given that the term for such patents is set to expire shortly, Finland, which was placed on the 301 Watch List in 2009, was removed from the list in 2015. U.S. industry continues to identify a series of concerning measures in several EU Member States, including Finland. Such measures raise concerns with respect to the transparency and the opportunity for meaningful stakeholder engagement in policies related to pricing and reimbursement, which reportedly create uncertainty and unpredictability that adversely impact market access and incentives for further innovation. The 2015 Special 301 report can be found at <https://ustr.gov/sites/default/files/2015-Special-301-Report-FINAL.pdf>.

In the Finnish legal system, the protection of trade secrets has been carried out mainly by way of criminal legislation and criminal proceedings, but also under the Unfair Business Practices Act subject to the jurisdiction of the Market Court. In 1979, Finland implemented the Unfair Business Practices Act, which prohibits competitors from unjustifiably obtaining or seeking to obtain information regarding a business secret or using or revealing information obtained in such a manner. An English version of the Act is available at <http://www.finlex.fi/fi/laki/kaannokset/1978/en19781061.pdf>.

The Penal Code (39/1889) contains provisions regarding industrial espionage (chapter 30, section 4), violation of business secrets (chapter 30, section 5) and misuse of business secrets (chapter 30, section 6). Trade secret protection is also regulated by the Employment Contracts Act (55/2001), according to which the employee may neither utilize nor divulge to third parties the employer's trade or business secrets during the term of employment.

The 2015 International Association for the Protection of Intellectual Property AIPPI group report on Finnish legal protection of trade secrets can be found at <http://aippi.org/wp-content/uploads/committees/247/GR247finland.pdf>.

In 1991, Finland adopted the Act on the Exclusive Right in the Layout-Design (Topography) of an Integrated Circuit. The Act gives exclusive rights in a layout-design to the creator (or to anyone to whom the right of the creator has been transferred) who is a Finnish citizen, a person with a permanent residence in Finland, or place of business in Finland. In cases of industrial infringement of IPR the integrated circuit used by the defendant may be confiscated. An English translation of the Act is available at [www.finlex.fi/fi/laki/kaannokset/1991/en19910032.pdf](http://www.finlex.fi/fi/laki/kaannokset/1991/en19910032.pdf).

The law amending the Act on the Exclusive Right in the Topography of an Integrated Circuit entered into force in December 1999, and new Sections 24a and 24b were added to the Act (Publicity/ Protecting a trade secret/ Delimitation of a trade secret). More information here: [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=127112](http://www.wipo.int/wipolex/en/text.jsp?file_id=127112).

Finnish customs officers have ex officio authority to seize and destroy counterfeit goods. IPR enforcement in Finland is based on EU regulation (EU) 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights. Article 18: Suspension of the release or detention of the goods before the grant of an application. The rights holder is responsible for paying for the storage and destruction of the counterfeit goods. The holder of the decision shall reimburse the costs incurred by the customs authorities.

Finnish authorities seized 93,000 counterfeit goods items with a value of 698,392 USD in 2015, according to Finnish Customs statistics.

Links to statistics:

- Finnish Customs 2014 Enforcement statistics:  
[http://www.tulli.fi/fi/suomen\\_tulli/julkaisut\\_ja\\_esitteet/vuosikertomukset/Tulli\\_valvontao\\_sasto\\_vuosikirja\\_14\\_intra.pdf](http://www.tulli.fi/fi/suomen_tulli/julkaisut_ja_esitteet/vuosikertomukset/Tulli_valvontao_sasto_vuosikirja_14_intra.pdf) (only in Finnish).
- Tax authority – Grey economy statistics (Harmaa talous, valvontatilastoja 2015):  
[http://www.vero.fi/download/Harmaa\\_talous\\_valvontatilastoja\\_2015/%7B2107FC31-0BAC-4EFE-BC04-FC41651E9F1F%7D/11975](http://www.vero.fi/download/Harmaa_talous_valvontatilastoja_2015/%7B2107FC31-0BAC-4EFE-BC04-FC41651E9F1F%7D/11975) (only in Finnish).

- EU Taxation and Customs Union:  
[http://ec.europa.eu/taxation\\_customs/customs/customs\\_controls/counterfeit\\_piracy/statistics/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm).

Finland is not listed in USTR's 2015 notorious market report.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles here:

[http://www.wipo.int/directory/en/details.jsp?country\\_code=FI](http://www.wipo.int/directory/en/details.jsp?country_code=FI).

#### *Resources for Rights Holders*

Contact at Mission: IP issues are handled by the Political/Economic Section in Helsinki.

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[DuwanGJ@state.gov](mailto:DuwanGJ@state.gov)

The American Chamber of Commerce in Finland's (AmCham) legal committee offers free legal advice to all AmCham member companies: <http://amcham.fi/legal-committee/>

For a list of local lawyers, please visit [http://finland.usembassy.gov/legal\\_services.html](http://finland.usembassy.gov/legal_services.html).

## **7. Transparency of the Regulatory System**

Finland is not on [www.businessfacilitation.org](http://www.businessfacilitation.org).

The Securities Market Act (SMA) contains regulations on corporate disclosure procedures and requirements, responsibility for flagging share ownership, insider regulations and offenses, the issuing and marketing of securities, and trading. Regulations concerning the clearing of securities trades have been incorporated into the law since 1998. Clearing has become subject to licensing, and is supervised by the Financial Supervision Authority, which oversees the financial markets.

A New Securities Market Act took effect in January 2013. The new Act broke the former Securities Market Act into the Securities Market Act, the Act on Trading in Financial Instruments, the Act on the Book-Entry System and Clearing Operations, and the Investment Services Act. Legislation amending the Finnish Securities Market Act (SMA) was ratified by Parliament in October 2015. The amended SMA implements the EU Transparency Directive (2013/50/EU) into Finnish legislation with the amendments entered into force in November 2015. The main changes to the SMA relate to periodic reporting requirements, disclosure of major shareholdings and requirements to publish a prospectus

The Securities market law is available here:

<http://www.finlex.fi/fi/laki/kaannokset/2012/en20120746.pdf>.

For more information see the Financial Supervisory Authority's overview of regulations for listed companies here:

[http://www.finanssivalvonta.fi/en/Listed\\_companies/Regulation/Pages/Default.aspx](http://www.finanssivalvonta.fi/en/Listed_companies/Regulation/Pages/Default.aspx).

In Finland, the Act on the Openness of Public Documents of 1951 established the openness of all records and documents in the possession of officials of the state, municipalities, and

registered religious communities. Exceptions to the basic principle can only be made by law, or by an executive order for specific enumerated reasons such as national security. A 1999 revision of the law, the Act on the Openness of Government Activities, extended the principle of openness to corporations that perform legally mandated public duties, such as pension funds and public utilities, and to computer documents. For more information see the Ministry of Justice's page on Openness of Government Activities here:

<http://oikeusministerio.fi/en/index/basicprovisions/legislation/actontheopennessofgovernmentactivities.html>.

Act on the Openness of Government Activities can be found here:

<http://www.finlex.fi/fi/laki/kaannokset/1999/en19990621.pdf>.

Link to World Bank's rulemaking Finland report:

<http://rulemaking.worldbank.org/data/exploreeconomies/finland/2014#publish-notice>

## **8. Efficient Capital Markets and Portfolio Investment**

Finland is open to foreign portfolio investment, and there is an effective regulatory system established. According to the Bank of Finland, in February 2016 Finland had EUR 9.3 billion worth of official reserve assets, mainly in foreign currency reserves and securities.

Credit is allocated on market terms and is made available to foreign investors in a non-discriminatory manner. The private sector has access to a variety of credit instruments. Legal, regulatory, and accounting systems are transparent and consistent with international norms.

The Helsinki Stock Exchange has since 2003 been part of OMX, referred to as NASDAQ OMX Helsinki (OMXH). NASDAQ OMX Helsinki is part of the NASDAQ OMX Nordic division, together with the stock exchanges in Stockholm, Copenhagen, Reykjavik, Tallinn, Riga, and Vilnius.

Finland accepts the obligations under IMF Article VIII, Sections 2(a), 3, and 4 of the Fund's Articles of Agreement. It maintains an exchange system free of restrictions on the making of payments and transfers for current international transactions, except for those measures imposed for security reasons in accordance with Regulations of the Council of the European Union, as notified to the Executive Board in accordance with Decision No. 144-(52/51).

### **Money and Banking System, Hostile Takeovers**

Banking is open to foreign competition. At the end of 2014, there were 291 credit institutions operating in Finland. Finnish banking groups had 1,128 offices and branches of foreign deposit banks had 76 offices in Finland. The total assets of the domestic banking groups and branches of foreign banks operating in Finland amounted to 692 billion USD in 2014. For more information see the Federation of Finnish Banking report here:

[http://www.finanssiala.fi/en/material/Finnish\\_Banking\\_2014.pdf](http://www.finanssiala.fi/en/material/Finnish_Banking_2014.pdf).

Foreign nationals can in principle open bank accounts in Finland in the same manner as the Finns do themselves. According to law, however, the bank must be able to identify its customers, and this may prove more difficult in the case of foreign nationals. In addition to personal and address data, the bank often needs to know the person's identifier code (i.e. social security number). A number of banks require the presentation of a work permit, a certificate of studies, or a letter of recommendation from a trustworthy bank, and details of the nature of payments to be made over the account.

Obtained capital and accumulated profit strengthened the Finnish banking sector's capital adequacy during 2014. At the end of the year, the capital adequacy ratio of the Finnish banking sector was a healthy 17.3%. Measured in Core Tier 1 Capital, the ratio was 15.8%. The Finnish banking sector's return on equity (ROE) improved slightly to 8.2% (8.0% in 2013). Its cost ratio (costs divided by profits) also notably improved after a long period of negative development, reaching 54% in 2014.

All authorized deposit-taking banks are members of the Deposit Guarantee Fund. If an individual bank becomes insolvent, the Fund will compensate its customers' deposits to a maximum of EUR 100,000 per depositor.

Of the three major international credit ratings agencies, Standard & Poor's announced in March 2016 that it was retaining Finland's AA+ credit rating. Meanwhile, Fitch lowered Finland's credit rating to AA+ in March 2016, while Moody's has retained its triple-A rating.

Finnish legislation does not expressly address takeover defenses. In Finnish law, the legality of takeover defenses is evaluated primarily in light of the leading principles of the Security Markets Act (SMA), the principle of equal treatment of all shareholders, and general principles of company law. If challenged, the legality of the defensive measures is subject to review by the courts. The Takeover Board issues recommendations that provide direction for mergers and acquisitions. One can contact the panel board for a statement regarding interpretation of the recommendations, good securities markets practices, as well as an individual company's legal issues. For more see: <http://cgfinland.fi/en/the-takeover-board/>.

The Takeover Code replaces the corresponding recommendation issued by the Panel on Takeovers and Mergers of the Central Chamber of Commerce of Finland in January 2014. The Takeover Code is meant to supplement the legislation applicable to public takeover bids, and therefore the Code shall be applied and interpreted in accordance with the objectives and provisions of the Securities Markets Act. The most essential provisions of the law applicable in public takeover bids, and the rules and regulations pursuant to them, can be found here: <http://cgfinland.fi/files/2013/12/helsinki-takeover-codeweb.pdf>.

Finland changed over to the Single Euro Payments Area (SEPA) in January 2008. The system began with credit transfers and cards, and starting from July 2010, International Bank Account Numbers (IBAN) and Bank Identification Code (BIC) data have been compulsory on invoices and credit transfer forms, along with Finnish account numbers. Since November 2010, Finnish banks offering domestic direct debit services have offered SEPA Core Direct Debit to payer customers requiring such services.

## **9. Competition from State-Owned Enterprises**

The Ownership Steering Department in the Prime Minister's Office has ownership steering responsibility for Finnish SOEs and is also responsible for preparing and implementing state ownership policies. Additionally, the Ownership Steering Department is responsible for shareholder control regarding Solidium, which oversees the special assignment companies. Ownership steering responsibilities with respect to the other special assignment companies – companies given a specific state-defined mission or that enjoy a special exemption for which reason they do not operate in a regular competitive environment – are divided between seven ministries.



State Owned Enterprises (SOEs) in Finland are active in a number of industries: chemicals, petrochemicals, plastics and composites; energy and mining; environmental technologies; food processing and packaging; industrial equipment and supplies; marine technology; media and entertainment; metal manufacturing and products; services; and travel. The Ownership Steering Act (1368/2007) regulates the administration of state-owned companies. The act can be found at <http://www.finlex.fi/en/laki/kaannokset/2007/en20071368.pdf>.

In general, SOEs are open to competition except where they have a monopoly position, namely in alcohol (Alko), retail, and gambling (Fintoto Oy, RAY (Finland's Slot Machine Association), and Veikkaus Oy).

Finland opened the domestic rail freight to competition in early 2007 in accordance with EU requirements. However, the vast majority of access services used and the vast majority of resources needed are owned and controlled by VR-Group (a state-owned railway company), currently the only railway undertaking on the market. Freight transportation by rail between Finland and Russia still remains an exclusive right of state-owned company VR-Group Ltd. In October 2015, Transport and Communications Minister Anne Berner announced that rail passenger transport would be opened to competition. The ministry plans to begin the process for opening train traffic to competition during spring 2016. Currently, VR-Group has an exclusive agreement on passenger train traffic in Finland through to the end of 2024.

The GOF, directly or through Solidium, is a significant owner in a total of 12 companies listed on the Helsinki stock exchange (Elisa, Kemira, Metso, Outokumpu, Outotec, Sampo, SSAB, Stora Enso, Talvivaara Mining Company, TeliaSonera, Tieto, and Valmet). The market value of Solidium's investments is approximately EUR 6.1 billion as of January 2016. Solidium manages the State's non-strategic minority interests in listed companies. In addition, Solidium may invest in companies preparing for stock exchange listing. More info can be found here: <http://vnk.fi/en/solidium-s-companies>.

As of March 2016, The GOF has majority ownership of shares in three listed companies (Finnair, Fortum, and Neste). Finland also owns shares in 37 commercial companies. A list of state-owned companies can be found here: <http://vnk.fi/en/state-shareholdings-and-parliamentary-authorisations> (March 2016).

The 2014 annual report on government ownership steering can be found here: [http://vnk.fi/documents/10616/1221497/2014\\_OO+vuosikertomus\\_eng.pdf/1f84341c-ddb7-4a04-9de6-3fb50013c606](http://vnk.fi/documents/10616/1221497/2014_OO+vuosikertomus_eng.pdf/1f84341c-ddb7-4a04-9de6-3fb50013c606).

#### OECD Guidelines on Corporate Governance of SOEs

The Ministerial-level Ownership Steering Department handles duties related to state ownership. The department is responsible for state ownership policy, expansion of the ownership base, branch re-organizations, share investments, and coordination of ministries' ownership procedures. All government resolutions, statements of the Cabinet Committee on Economic Policy, and recommendations and statements by Ministries are public and available to all market actors. SOEs in Finland adhere to the OECD Guidelines on Corporate Governance for SOEs.

The government, in November 2000, published "Handling of Corporate Governance Issues in State-owned Companies and Associated Companies." These guidelines stress the independence of the state-owned companies' boards and their goal to increase

shareholder value. The Finnish government publishes the salaries and remunerations of the management and boards of state-owned and associated companies.

In November 2011, the Government adopted a resolution outlining the objectives and principles for its state ownership policy. The adopted resolution places greater emphasis on responsibility, openness, and long-term goal setting. The resolution calls for responsibility and openness in regards to reporting, remuneration, and the overall transparency of business activities. Policy documents and working group reports: <http://vnk.fi/en/policy-documents-and-working-group-reports>.

Government resolution on state ownership policy (2011):

[http://vnk.fi/documents/10616/1221497/Periaatepaaetoets03112011\\_eng.pdf/daf2cf64-ffea-4102-9c75-0803c227afeb](http://vnk.fi/documents/10616/1221497/Periaatepaaetoets03112011_eng.pdf/daf2cf64-ffea-4102-9c75-0803c227afeb). The Securities Market Association new Corporate Governance Code took effect January 1, 2016. Link to code: Finnish Corporate Governance Code 2015: <http://cgfinland.fi/files/2015/10/hallinnointikoodi-2015eng.pdf> . Most notable changes from previous code (2010) are preparation of proposals for the composition of the board of directors, evaluation of independence and related party transactions.

Sovereign Wealth Funds

Although it is not explicitly known as a sovereign wealth fund, state-owned Solidium's mission is to strengthen and stabilize Finnish ownership in nationally important companies and increase the long-term value of its holdings. Through its stakes, Solidium is a minority owner in twelve listed companies; the market value of Solidium's equity holdings is approximately EUR 6.1 billion.

## 10. Responsible Business Conduct

In Finland, the Securities Market Association established by the Central Chamber of Commerce, the Confederation of Finnish Industries (EK), and NASDAQ OMX Helsinki has developed and updated the Finnish Corporate Governance Code for companies listed on the Helsinki Stock Exchange:

[http://www.nasdaqomx.com/digitalAssets/71/71589\\_finnish\\_cg\\_code\\_2010.pdf](http://www.nasdaqomx.com/digitalAssets/71/71589_finnish_cg_code_2010.pdf).

The Corporate Responsibility Network (FiBS), established in 2000, is the leading corporate responsibility network in Finland, with around 270 members, more information can be found here: <http://www.fibsry.fi/fi/english/home>.

The Human Rights Center (HRC), administratively linked to the Office of the Parliamentary Ombudsman, encourages foreign and local enterprises to follow the most important international norms in the field, more information can be found here:

<http://www.oikeusasiamies.fi/Resource.phx/ea/english/hrc/general.htx>.

Labor and environmental laws and regulations are not waived in order to attract or retain investments.

The Government of Finland published a guide on socially responsible public procurement in November 2013: [http://www.tem.fi/files/38102/TEM\\_Opas\\_Sos.hank\\_EN\\_netti.pdf](http://www.tem.fi/files/38102/TEM_Opas_Sos.hank_EN_netti.pdf).

The Government is committed to promoting CSR through its CSR action plan: [http://www.tem.fi/files/35134/Government\\_Resolution\\_on\\_CSR\\_FINLAND.pdf](http://www.tem.fi/files/35134/Government_Resolution_on_CSR_FINLAND.pdf).

Ministry of Employment and the Economy CSR Guides: Corporate responsibility in the SME sector: [https://www.tem.fi/files/27716/VASTUULLINEN\\_YRITTAJYYS\\_PK-YRITYKSISSA\\_engl\\_130810.pdf](https://www.tem.fi/files/27716/VASTUULLINEN_YRITTAJYYS_PK-YRITYKSISSA_engl_130810.pdf). First steps towards corporate responsibility reporting: [https://www.tem.fi/files/27717/Yritysvastuunraportointi\\_engo\\_180810.pdf](https://www.tem.fi/files/27717/Yritysvastuunraportointi_engo_180810.pdf).

Finland has joined the Extractive Industries Transparency Initiative (EITI), which supports improved governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas, and mining.

#### OECD Guidelines for Multinational Enterprises

Finland is committed to the implementation of the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, and the tripartite declaration of principles concerning multinational enterprises and social policy by the ILO.

The Committee on Corporate Social Responsibility, operating in connection with the Ministry of Employment and the Economy, monitors the application of the OECD Guidelines for Multinational Enterprises in Finnish multinational corporations. The Government Decree on the Committee on Corporate Social Responsibility can be found here: [https://www.tem.fi/files/23532/Government Decree on the Committee on Social and Corporate Responsibility \(.pdf](https://www.tem.fi/files/23532/Government_Decree_on_the_Committee_on_Social_and_Corporate_Responsibility_(.pdf).

Finland maintains a National Contact Point (NCP) for OECD MNE guidelines, with the main role to further the effectiveness of the guidelines by undertaking promotional activities, handling inquiries, and contributing to the resolution of issues that arise from the alleged non-observance of the guidelines in specific instances. The office of the Finnish NCP is housed in the Ministry of Employment and the Economy. It is composed of representatives of several ministries, civil society partners, business and labor organizations, and NGOs. <https://mneguidelines.oecd.org/ncps/finland.htm>

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### **11. Political Violence**

There are no instances of political violence in Finland.

### **12. Corruption**

Corruption is not perceived as a serious threat and Finland has no dedicated national anti-corruption strategy. The Internal Security Program of 2012 discusses the risks of corruption in public procurement and for Finnish enterprises or their representatives when conducting business abroad.

Corruption in Finland is covered by the Criminal Code and provides for sanctions ranging from fines to imprisonment of up to four years. Both giving and accepting a bribe is considered a criminal act under the Criminal Code. Finland has statutory tax rules concerning non-deductibility of bribes.

Finland does not have an authority specifically charged with the prevention of corruption. The Ministry of Justice is responsible for the coordination of anti-corruption matters, but Finland's anti-corruption contact point for EU purposes is in the Ministry of the Interior. The Ministry of Justice in 2002 set up a special anti-corruption network which meets to discuss and exchange information. The National Bureau of Investigation has an officer whose full-time duty is to follow matters related to corruption in Finland. The tax administration has published guidelines for tax officials stating their obligation to report suspected criminal offences, including foreign bribery. The Ministry of Finance has also published guidelines for government officials on hospitality, benefits, and gifts.

Ministry of Justice's "Corruption and the Prevention of Corruption in Finland" is available here: <http://www.oikeusministerio.fi/material/attachments/om/tiedotteet/en/2009/6AH99u1tG/Corruption.pdf>.

Over the past decade, Finland has placed first or second on Transparency International's Corruption Perceptions Index (CPI). In 2015, Transparency International ranked Finland as the second least corrupt country in the world. Transparency International says that Finland still faces some corruption issues related to "old-boys' networks" where a small group of elites, sometimes with political connections, make deals and decisions in a non-transparent manner.

The Act on a Candidate's Election Funding (273/2009) delineates election funding and disclosure rules in parliamentary, presidential, municipal, and European Parliamentary elections. The Act requires presidential candidates, Members of Parliament, and Deputy Members to declare their total campaign financing, the financial value of each contribution, and the name of a donor for donations exceeding EUR 1,500: <http://www.finlex.fi/en/laki/kaannokset/2009/en20090273.pdf>.

The National Audit Office of Finland keeps a register containing the information in the election funding disclosures, available here: <http://www.vaalirahoitusvalvonta.fi> available in Finnish and Swedish). Election funding disclosures must be filed with the National Audit Office of Finland within two months of election results being confirmed. Disclosures can be filed using a form approved by the National Audit Office. The National Audit Office of Finland oversees compliance with the disclosure obligation.

Candidates' Election Funding Act:  
<http://www.finlex.fi/en/laki/kaannokset/2009/en20090273.pdf>.

Act on Political Parties: <http://www.finlex.fi/fi/laki/kaannokset/1969/en19690010.pdf>.

Finland does not regulate lobbying. There is no requirement for lobbyists to register or report contact between public officials and lobbyists. After receiving recommendations from GRECO, Finnish Parliament set up a working group to prepare ethical guidelines on conflicts of interest.

The Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime entered into force in July 1994. Finland ratified the Council of Europe Civil Law Convention on

Corruption in October 2001. Finland ratified the Criminal Law Convention on Corruption in October 2002.

Finland is a member of the European Partners against Corruption (EPAC), which cooperates with national police oversight bodies and anti-corruption authorities of the European Union.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

The UN Convention against Transnational Organized Crime was ratified in February 2003. Finland ratified the UN Anticorruption Convention in June 2006. In 2008 and 2011, Finland renewed reservations with respect to Article 12 (trading in influence) and Article 17 (jurisdiction).

Finland is a signatory to the OECD Convention on Anti-Bribery. A Transparency International progress report on enforcement of the OECD Convention, released in October 2013, rated Finland's enforcement as moderate:

[http://issuu.com/transparencyminternational/docs/2013\\_exportingcorruption\\_oecdprogre](http://issuu.com/transparencyminternational/docs/2013_exportingcorruption_oecdprogre).

In February 2016, the OECD Working Group on Bribery expressed concern with Finland's limited implementation of the outstanding Phase 3 recommendations of the Anti-Bribery Convention (laws against the bribery of foreign public officials, whistle-blower protections, enforcement record etc.). Link to statement: <http://www.oecd.org/finland/public-statement-on-finland-s-lack-of-implementation-of-the-anti-bribery-convention-2016.htm>.

#### *Resources to Report Corruption*

The National Bureau of Investigation is the law enforcement body responsible for the investigation of complex organized and international crimes, including economic crime and corruption. Since 2007, the National Bureau of Investigation has operated an anti-corruption unit, consisting of one officer, whose main function it is to detect economic offences. The Ministry of Justice has set up a specialist network which meets a few times a year to discuss and exchange information.

- Contact at government agency:

Markku Ranta-Aho  
Head of Financial Crime Division  
National Board of Investigation  
P.O. Box 285, 01310 Vantaa, Finland  
[markku.ranta-aho@polisi.fi](mailto:markku.ranta-aho@polisi.fi)

- Contact at watchdog organization:

Jarmo Mielonen, Chairperson  
Transparency Finland  
[info@transparency.fi](mailto:info@transparency.fi)

### **13. Bilateral Investment Agreements**

Finland does not have a bilateral investment treaty or agreement with the United States.

Finland has concluded bilateral investment agreements with the following countries: Albania, Algeria, Argentina, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Chile, China,

Croatia, the Czech Republic, Dominican Republic, Egypt, El Salvador, Estonia, Ethiopia, Georgia, Guatemala, Hong Kong, Hungary, India, Indonesia, Iran, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Latvia, Lebanon, Lithuania, Macedonia, Malaysia, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Namibia, Nepal, Nigeria, Oman, Panama, Peru, Philippines, Poland, Qatar, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, South Korea, Sri Lanka, Tanzania, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, Uzbekistan, Vietnam, and Zambia.

Link to UNCTAD's BITs Finland: <http://investmentpolicyhub.unctad.org/IIA/CountryBits/71>.

As a member state to the European Union, Finland is also a signatory to any treaty, FTA or agreement signed by the European Union.

#### Bilateral taxation Treaties

In September 1989, Finland and the United States signed a convention (TIAS 12101) for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital. The convention entered into force December 30, 1990.

In 2006, the United States and Finland signed a protocol amending the 1990 Double Taxation Treaty, which significantly reduced tax-related barriers to trade and investment flows between the countries. The protocol eliminates the source-country withholding tax on many intercompany dividends and on dividends paid to pension funds and eliminates source-country withholding royalty payment regardless of the type of intellectual property. For more see: [http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/js4298\\_attachment\\_finnishprotocol06.pdf](http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/js4298_attachment_finnishprotocol06.pdf).

On March 5, 2014, Finland signed a Foreign Account Tax Compliance Act (FATCA), and the related legislative changes required for implementation were approved by Parliament on February 20, 2015. Financial institutions began collecting FATCA information during 2014 and the first reports were made in 2015. The Finnish tax administration issued Guidance A57/200/2015 regarding the application of FATCA. The guidance provides financial institutions and their advisors with information on the reporting duties that must be fulfilled to be compliant with the FATCA agreement, as well as the information that customers are required to provide to financial institutions. More information is available here: [http://www.vero.fi/fi-FI/Syventavat\\_veroohjeet/Verohallinnon\\_ohjeet/2015/Verohallinnon\\_ohje\\_Suomen\\_ja\\_Yhdys\\_valtai\(37066\)](http://www.vero.fi/fi-FI/Syventavat_veroohjeet/Verohallinnon_ohjeet/2015/Verohallinnon_ohje_Suomen_ja_Yhdys_valtai(37066)) (available only in Finnish and Swedish).

For full text of the agreement, see: <http://www.treasury.gov/resource-center/tax-policy/treaties/Documents/FATCA-Agreement-Finland-3-5-2014.pdf>.

The salary and fringe benefits paid to qualifying foreign employees living in Finland for more than six months, such as employees with special knowledge or competence, are taxed at a flat rate of 35 percent during a maximum of 48 months of assignment in Finland, provided that the employee has a special tax card (which one must apply for separately). These benefits are not granted to persons who have resided in Finland at any time during the five years preceding the beginning of their work assignment.

For detailed tax guidance, see the Finnish Tax Administration's website: [http://www.vero.fi/en-US/Companies\\_and\\_organisations/Foreign\\_business\\_in\\_Finland](http://www.vero.fi/en-US/Companies_and_organisations/Foreign_business_in_Finland) and

the Finnish Foundation for Share Promotion's Tax Guide for Investors (2013):  
<http://data.multiweb.fi/magazine/porssisaatio/vero-opas-2015-eng/>

#### 14. Foreign Trade Zones/Free Ports/Trade Facilitation

Finland has two free warehouse areas (control type I), Hanko and Oulu, and four free zones (control type II): Hamina, Lappeenranta, Turku, and Kemi. The duty-free storage areas, which are run by municipal corporations, are available to domestic and foreign-owned companies. Warehousing, assembly and manufacturing are allowed in these areas, with permission from the Board of Customs. The free zone area regulations have been harmonized in the EU by the Community Customs Code. The new European Union Customs Code UCC and its implementing regulation will be applied as of May 1, 2016; the free zone of control type II will be abolished and the operator authorizations for free zones of control type II will be changed into customs warehouse authorizations on Customs' initiative.

#### 15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	\$272,741	2014	272,200	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	\$1,747	2014	\$1,784	<a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Host country's FDI in the United States (\$M USD, stock positions)	2013	\$12,812	2014	\$9,100	<a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>

Total inbound stock of FDI as % host GDP	2013	0.65%	2014	0.66%	N/A
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Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	93,708	100%	Total Outward	117,190	100%
Sweden	39,115	42%	Sweden	37,291	32%
Netherlands	17,127	18%	Netherlands	22,322	19%
Luxembourg	10,186	11%	Ireland	13,214	11%
Denmark	7,080	8%	United States	7,474	6%
United Kingdom	3,769	4%	Belgium	6,424	4%

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	334,986	100%	All Countries	166,014	100%	All Countries	168,971t	100%
United States	42,312	13%	Ireland#1	33,663	20%	Germany	24,937	15%
Ireland	36,699	11%	Luxembourg#2	33,096	20%	Denmark	23,552	14%
Luxembourg	36,502	11%	United States	27,812	17%	France	18,307	11.5%
Sweden	31,101	9%	Sweden	14,047	8%	Sweden	16,963	10%
Germany	29,263	9%	Cayman islands	12,872	8%	Netherlands	14,557	9%



## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

civil law system based on the Swedish model; note - the president may request the Supreme Court to review laws

### International organization participation:

ADB (nonregional member), AfDB (nonregional member), Arctic Council, Australia Group, BIS, CBSS, CD, CE, CERN, EAPC, EBRD, ECB, EIB, EITI (implementing country), EMU, ESA, EU, FAO, FATF, G-9, IADB, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IEA, IFAD, IFC, IFRC, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NC, NEA, NIB, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, PFP, Schengen Convention, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNMIL, UNMOGIP, UNRWA, UNTSO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

## Section 6 - Tax

### Exchange control

In principle, there is no exchange control in Finland.

### Treaty and non-treaty withholding tax rates

Finland has signed **119 agreements** (71 DTC and 48 TIEA agreements) providing for the exchange of information.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Andorra	TIEA	24 Feb 2010	12 Feb 2011	Yes	Yes	
Anguilla	TIEA	14 Dec 2009	10 Apr 2011	Yes	Yes	
Antigua and Barbuda	TIEA	19 May 2010	24 Mar 2011	Yes	Yes	
Argentina	DTC	13 Dec 1994	5 Dec 1996	Yes	No	
Armenia	DTC	16 Oct 2006	30 Dec 2007	Unreviewed	Yes	
Aruba	TIEA	10 Sep 2009	1 Jun 2011	Yes	Yes	
Australia	DTC	20 Nov 2006	10 Nov 2007	Yes	Yes	
Austria	DTC	26 Jul 2000	1 Apr 2001	Yes	Yes	
Azerbaijan	DTC	29 Sep 2005	29 Nov 2006	Unreviewed	No	
Bahamas, The	TIEA	10 Mar 2010	9 Sep 2010	Yes	Yes	
Bahrain	TIEA	14 Oct 2011	11 Jul 2012	Yes	Yes	
Barbados	DTC	15 Jun 1989	20 Aug 1992	Yes	Yes	
Belarus	DTC	18 Dec 2007	13 Jul 2008	Unreviewed	Yes	
Belgium	DTC	18 May 1976	27 Dec 1978	Yes	Yes	
Belize	TIEA	15 Sep 2010	13 Sep 2013	Yes	Yes	
Bermuda	TIEA	16 Apr 2009	31 Dec 2009	Yes	Yes	
Bosnia and Herzegovina	DTC	8 May 1986	18 Dec 1987	Unreviewed	No	
Botswana	TIEA	20 Feb 2013	not yet in force	Unreviewed	Yes	
Brazil	DTC	2 Apr 1996	26 Dec 1997	Yes	No	
Brunei Darussalam	TIEA	27 Jun 2012	not yet in force	No	Yes	
Bulgaria	DTC	25 Apr 1985	21 Apr 1986	Unreviewed	No	
Canada	DTC	20 Jul 2006	17 Jan 2007	Yes	Yes	
Cayman Islands	TIEA	1 Apr 2009	31 Mar 2010	Yes	Yes	
China	DTC	25 May 2010	25 Nov 2010	Yes	Yes	
Cook Islands	TIEA	16 Dec 2009	2 Oct 2011	Yes	Yes	
Costa Rica	TIEA	29 Jun 2011	not yet in force	Yes	Yes	
Croatia	DTC	8 May 1986	18 Dec 1987	Unreviewed	No	
Curaçao	TIEA	10 Sep 2009	1 Jun 2011	Yes	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Cyprus	DTC	15 Nov 2012	28 Apr 2013	Yes	Yes	
Czech Republic	DTC	2 Dec 1994	12 Dec 1995	Yes	No	
Denmark	TIEA	7 Dec 1989	8 May 1991	Yes	No	
Dominica	TIEA	19 May 2010	not yet in force	No	Yes	
Egypt	DTC	1 Apr 1965	2 Apr 1966	Unreviewed	No	
Estonia	DTC	23 Mar 1993	30 Dec 1993	Yes	No	
Faroe Islands	TIEA	7 Dec 1989	9 May 1991	Unreviewed	No	
Former Yugoslav Republic of Macedonia	DTC	25 Jan 2001	22 Mar 2002	Yes	No	
France	DTC	11 Sep 1970	1 Mar 1972	Yes	No	
Georgia	DTC	11 Oct 2007	23 Jul 2008	Unreviewed	Yes	
Germany	DTC	5 Jul 1979	4 Jun 1982	Yes	No	
Gibraltar	TIEA	20 Oct 2009	6 May 2010	Yes	Yes	
Greece	DTC	20 Jan 1980	4 Oct 1981	Yes	No	
Greenland	TIEA	7 Dec 1989	5 May 1991	Unreviewed	No	
Grenada	TIEA	19 May 2010	22 Feb 2012	Yes	Yes	
Guatemala	TIEA	15 May 2012	not yet in force	No	Yes	
Guernsey	TIEA	28 Oct 2008	5 Apr 2009	Yes	Yes	
Hungary	DTC	25 Oct 1978	24 Jul 1981	Yes	No	
Iceland	TIEA	7 Dec 1989	8 May 1991	Yes	No	
India	DTC	15 Jan 2010	19 Apr 2010	Yes	No	
Indonesia	DTC	15 Oct 1987	26 Jan 1989	Yes	No	
Ireland	DTC	27 Mar 1992	26 Nov 1993	Yes	No	
Isle of Man	TIEA	30 Oct 2007	14 Jun 2008	Yes	Yes	
Israel	DTC	1 Aug 1997	1 Jan 1999	Yes	No	
Italy	DTC	12 Jun 1981	23 Oct 1983	Yes	No	
Jamaica	TIEA	4 Dec 2012	not yet in force	Yes	Yes	
Japan	DTC	4 Mar 1991	28 Dec 1991	Yes	No	
Jersey	TIEA	28 Oct 2008	3 Aug 2009	Yes	Yes	
Kazakhstan	DTC	24 Mar 2009	5 Aug 2010	Unreviewed	Yes	
Korea, Republic of	DTC	8 Feb 1979	23 Dec 1981	Yes	No	
Kosovo	DTC	11 Nov 2011	11 Nov 2011	Unreviewed	No	
Kyrgyzstan	DTC	3 Apr 2003	28 Feb 2004	Unreviewed	No	
Latvia	DTC	23 Mar 1993	30 Dec 1993	Unreviewed	No	
Liberia	TIEA	10 Nov 2010	12 Jun 2012	Yes	Yes	
Liechtenstein	TIEA	17 Dec 2010	4 Apr 2012	Yes	Yes	
Lithuania	DTC	30 Apr 1993	30 Dec 1993	Yes	No	
Luxembourg	DTC	1 Mar 1982	27 Mar 1983	Yes	Yes	
Macao, China	TIEA	29 Apr 2011	9 Dec 2011	Yes	Yes	
Malaysia	DTC	28 Mar 1984	23 Feb 1986	No	No	
Malta	DTC	30 Oct 2000	30 Dec 2001	Yes	No	
Marshall Islands	TIEA	28 Sep 2010	2 Dec 2011	Yes	Yes	
Mauritius	TIEA	1 Dec 2011	6 Jul 2012	Yes	Yes	
Mexico	DTC	12 Feb 1997	14 Jul 1998	Yes	No	
Moldova, Republic of	DTC	16 Apr 2008	9 Nov 2008	Unreviewed	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Monaco	TIEA	23 Jun 2010	10 Dec 2010	Yes	Yes	
Montenegro	DTC	8 May 1986	18 Dec 1987	Unreviewed	No	
Montserrat	TIEA	22 Nov 2010	31 Dec 2011	Yes	Yes	
Morocco	DTC	7 Apr 2006	20 Oct 2012	Unreviewed	No	
Netherlands	DTC	28 Dec 1995	20 Dec 1997	Yes	No	
New Zealand	DTC	12 Mar 1982	22 Sep 1984	Yes	No	
Niue	TIEA	16 Oct 2013	not yet in force	Unreviewed	Yes	
Norway	TIEA	7 Dec 1989	5 May 1991	Yes	No	
Pakistan	DTC	30 Dec 1994	10 Apr 1996	Unreviewed	No	
Panama	TIEA	12 Nov 2012	not yet in force	Yes	Yes	
Philippines	DTC	13 Oct 1978	1 Oct 1981	Yes	No	
Poland	DTC	8 Jun 2009	1 Jan 2011	Yes	Yes	
Portugal	DTC	27 Apr 1970	14 Jul 1971	Yes	No	
Qatar	TIEA	6 Sep 2013	not yet in force	Unreviewed	Yes	
Romania	DTC	27 Oct 1998	4 Feb 2000	Unreviewed	No	
Russian Federation	DTC	4 May 1996	1 Jan 2003	Yes	No	
Saint Kitts and Nevis	TIEA	24 Mar 2010	21 Mar 2011	Yes	Yes	
Saint Lucia	TIEA	19 May 2010	17 Mar 2011	Yes	Yes	
Saint Vincent and the Grenadines	TIEA	24 Mar 2010	28 Apr 2011	Yes	Yes	
Samoa	TIEA	16 Dec 2009	24 Mar 2012	Yes	Yes	
San Marino	TIEA	12 Jan 2010	15 May 2010	Yes	Yes	
Serbia	DTC	8 May 1986	18 Dec 1987	Unreviewed	No	
Seychelles	TIEA	30 Mar 2011	22 Nov 2012	Yes	Yes	
Singapore	DTC	7 Jun 2002	27 Dec 2002	Yes	Yes	
Sint Maarten	TIEA	10 Sep 2009	1 Jun 2011	Yes	Yes	
Slovakia	DTC	15 Feb 1999	6 May 2000	Yes	No	
Slovenia	DTC	19 Sep 2003	16 Jun 2004	Yes	No	
South Africa	DTC	26 May 1995	12 Dec 1995	Yes	No	
Spain	DTC	15 Nov 1967	30 Oct 1968	Yes	No	
Sri Lanka	DTC	18 May 1982	28 Mar 1984	Unreviewed	No	
Sweden	TIEA	7 Dec 1989	9 May 1991	Yes	No	
Switzerland	DTC	16 Dec 1991	26 Dec 1993	No	Yes	
Tajikistan	DTC	24 Oct 2012	5 Sep 2013	Unreviewed	Yes	
Tanzania	DTC	12 May 1976	27 Dec 1978	Unreviewed	No	
Thailand	DTC	25 Apr 1985	28 Mar 1986	Unreviewed	No	
Turkey	DTC	6 Oct 2009	4 May 2012	Yes	Yes	
Turks and Caicos Islands	TIEA	16 Dec 2009	2 Apr 2011	Yes	Yes	
Ukraine	DTC	14 Oct 1994	12 Dec 1995	Unreviewed	No	
United Arab Emirates	DTC	12 Mar 1996	24 Feb 1997	Yes	No	
United Kingdom	DTC	17 Jul 1969	5 Feb 1970	Yes	No	
United States	DTC	21 Sep 1989	1 Jan 1991	Yes	Yes	
Uruguay	DTC	13 Dec 2011	6 Feb 2013	Yes	Yes	
Uzbekistan	DTC	9 Apr 1998	7 Feb 1999	Unreviewed	No	
Vanuatu	TIEA	13 Oct 2010	8 Mar 2011	No	Yes	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Viet nam	DTC	21 Nov 2001	26 Dec 2002	Unreviewed	No	
Virgin Islands, British	TIEA	18 May 2009	15 Apr 2010	Yes	Yes	
Zambia	DTC	30 Nov 1978	17 May 1985	Unreviewed	No	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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