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C O U N T R Y P R E S E N T A T I O N

F I N L A N D

Following the list of possible elements of country presentations suggested by UNCTAD secretariat (TDN 830), this paper provides information on some concrete initiatives undertaken by Finland to promote trading opportunities for developing countries. The presentation, rather than being exhaustive with respect to the Finnish measures concerned, attempts to describe a few cases of specific measures which could be of interest to the Ad Hoc Working Group.

COUNTRY PRESENTATION - FINLAND

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I MEASURES TO ENCOURAGE FOREIGN DIRECT INVESTMENT AND STRENGTHEN EXPORT SUPPLY CAPABILITIES IN DEVELOPING COUNTRIES

FINNFUND

The Finnish Fund for Industrial Cooperation Ltd, FINNFUND was established in 1979, and is today an independent public development finance corporation promoting Finnish investments in Asia, Africa, Latin America and the Middle East as well as in Central and Eastern Europe since the beginning of 1992. FINNFUND's financing is available to all those new joint ventures, expansions and rehabilitation schemes which have a Finnish investing partner and are located in FINNFUND's operational area.

FINNFUND's main instruments are to participate in joint ventures in LDCs with equity, and to extend loans and guarantees to them. In addition, it finances studies and technical and training assistance to such companies, and participates in funding of development banks in LDCs.

FINNFUND is a limited liability company with the Finnish government as practically the only share holder. The government provides to FINNFUND low-interest loans, and if the Fund borrows at the capital market, the state provides interest subsidies covering the difference between the market rate and 2 percent. The state also provides compensations for investment losses and reimburses expenses related to studies, technical and training assistance, and administration costs. Between 1980 and June 1992, the Fund received FIM 257.3 million in share capital and FIM 96 million in 2 percent interest loans. The government support to the other expenses amounted to FIM 105.7 million during this period.

FINNFUND's investment portfolio showed a modest growth during the eighties. Since 1989, growth has accelerated:

KEY FIGURES

Financial year	1992	1991	1990	1989
Investment operations:				
Financed investment preparations	31	25	14	6
New investment decisions and approvals	13	8	8	2
Effective investments and approvals,	51	45	37	30
of which in - Asia	24	21	16	13
- Africa	8	9	9	8
- Europe, the Middle East				
North Africa	7	10	8	6
- Latin America	5	5	4	3
- Central and Eastern Europe (new operational area in 1992)	7			
Financing in FIM million p.a.				
New financing approvals,	57.7	34.7	147.7	47.1
of which: - loans	39.6	26.1	111.6	21.3
- equity	18.1	8.6	36.1	25.8
- guarantees	-	-	-	-
Effective investments and approvals at original value, end of year	448.1	428.2	376.9	219.2
Cumulative disbursements	309.0	257.5	180.0	130.4
Portfolio	256.4	213.9	143.4	100.6
Personnel	27	24	22	22
Share capital, FIM million	257	257	179	122

In 1992 13 new projects were approved, 7 of which were in Central and Eastern Europe. The largest new projects approved were in Estonia and India. Additional financing went to existing firms in Uruguay and in India. Disbursements were FIM 51.5 million.

FINNFUND's first regional office was inaugurated in Kuala Lumpur in April 1992.

At the end of 1992, the Ministry for Foreign Affairs commissioned the Netherlands Economic Institute to evaluate FINNFUND's operations since 1980. The main recommendation of the study was that FINNFUND should be developed into a fully self-financing development finance corporation. The Government would act as the majority shareholder, making a necessary contribution through successive increases in FINNFUND's equity. This line of institutional development appears likely at the next phase.

II MEASURES AFFECTING IMPORT GROWTH FROM DEVELOPING COUNTRIES; TRADE MEASURES

GSP SCHEME

The Finnish scheme within the Generalised System of Preferences (GSP) was first introduced in 1972. Since then Finland has maintained and further improved the GSP scheme taking into account particularly the position of the least developed countries in international trade. The latest changes, included in the amended Degree No. 1523/91, are applied from 1 January, 1992. The scheme has been broadened by extending duty-free entry to almost all imports from least developed countries and the negative list for all other GSP beneficiaries has been shortened by nearly 50 percent.

The GSP manual, published jointly by the Finnish Board of Customs and the Finnish Import Promotion Office for Products from Developing countries (FINIPO), describes the Finnish scheme in detail. The revised edition reflecting the changes in the scheme will be available in the autumn 1993.

GENERAL PRINCIPLES OF THE SCHEME

Exemption from duties

For the exporter of a beneficiary country, applying the scheme means that the goods eligible for GSP treatment enjoy total or partial exemption from customs duties and no import quotas, ceilings or other quantitative restrictions are applied.

Based on the HS-system

The product coverage and rules of origin applied to the scheme have been adapted to the Harmonised Commodity Description and Coding System (HS). The HS-system, which is globally used in international trade, was introduced in Finland in 1988.

Certifying authorities

The GSP treatment can be applied to products from developing countries once the authorities in the relevant country have notified the Finnish Board of Customs of the authorities or institutions which have been approved for certification and verification of the certificate of origin and sent specimen impressions of the stamps and signatures by these authorities.

Beneficiary countries

The Finnish GSP scheme includes at present (January 1992) a total of 137 beneficiary countries:

- | | |
|--------|----------------------------|
| List 1 | Least Developed Countries |
| List 2 | Other Developing Countries |

Product coverage

Least Developed Countries

- | | |
|--------|---|
| List 3 | Agricultural products liable to the duty |
| List 4 | Industrial products liable to half the duty |

Other Developing Countries

- | | |
|--------|---|
| List 5 | Agricultural products which are duty-free |
| List 6 | Agricultural products liable to half the duty |
| List 7 | Industrial products liable to the duty |

Rules of origin

In order to qualify for preferential tariff treatment in Finland products sent from a beneficiary country to Finland must:

- be wholly produced or sufficiently worked or processed in the beneficiary country
- in general be transported directly to Finland from the beneficiary country
- be accompanied by appropriate documentary evidence as to their origin

Goods wholly obtained in the beneficiary country

The following are considered as wholly obtained in a beneficiary country:

- a) mineral products extracted from its soil or seabed
- b) vegetable products harvested there
- c) live animals born and raised there
- d) products obtained there from live animals
- e) products obtained by hunting or fishing conducted there
- f) products of sea fishing and other marine products taken from the sea by its vessels
- g) products made on board its factory ships exclusively from products referred to in f) above
- h) used articles collected there fit only for the recovery of raw materials
- i) waste and scrap resulting from manufacturing operations conducted there
- j) goods produced there exclusively from products referred to in a) to i) above

Sufficient working or processing

For the purpose of the rules of origin, the following working or processing is considered sufficient:

a) working or processing as a result of which the product obtained is classified within a heading other than that covering each of the non-originating materials worked or processed.

The expression "headings" means the four-digit headings used in the Harmonised Commodity Description and Coding System (HS)

b) working or processing specified in the "List of working or processing required to be carried out on non-originating materials" (this list is published in English in the manual GSP scheme of Finland).

If the product is not included in the list the change of heading rule is sufficient.

Cumulative origin

Under GSP, when determining whether a product manufactured in a given beneficiary country satisfies the rules of origin, each article or ingredient which has been imported into the country and has been used in the manufacture, must meet the conditions of sufficient working or processing.

The cumulation rule is a relaxation of this main rule. Under the cumulation system, any articles or ingredients which originate in a member country of the regional economic grouping, may be freely used, notwithstanding the rules of origin, in manufacture taking place in another country belonging to the same economic groupings. Only articles or ingredients which have been imported from outside the economic grouping must undergo sufficient working or processing.

The cumulative treatment is granted in the Finnish scheme in the same way as it is applied by the other preference-giving EFTA countries. So far only the ASEAN have been accorded such a facility.

Direct consignment

Products shall be transported directly from the exporting preference-receiving country to the importing preference-giving country. Transshipment or temporary storage is allowed for geographical reasons provided that the goods have remained under customs control, have not entered into trade or consumption in these countries, and have not undergone any operation other than unloading and loading or any operation required to keep them in good condition.

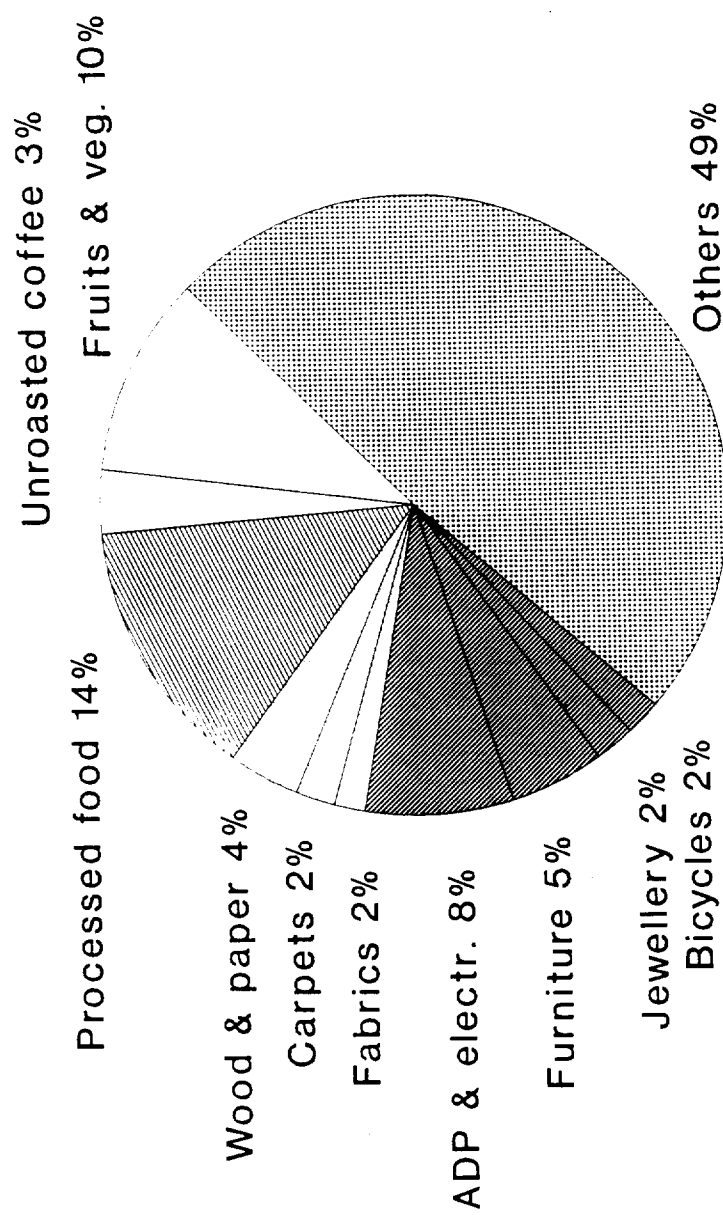
Products originally addressed from a beneficiary country to a member country of the European Community or the European Free Trade Association and imported further to Finland are likewise regarded as transported directly to Finland from the beneficiary country, provided that the above mentioned conditions have been fulfilled.

GSP-IMPORTS TO FINLAND

The following tables give information of the extent and break-down of the GSP imports to Finland in the last years:

TABLE I

GSP IMPORTS TO FINLAND IN 1991

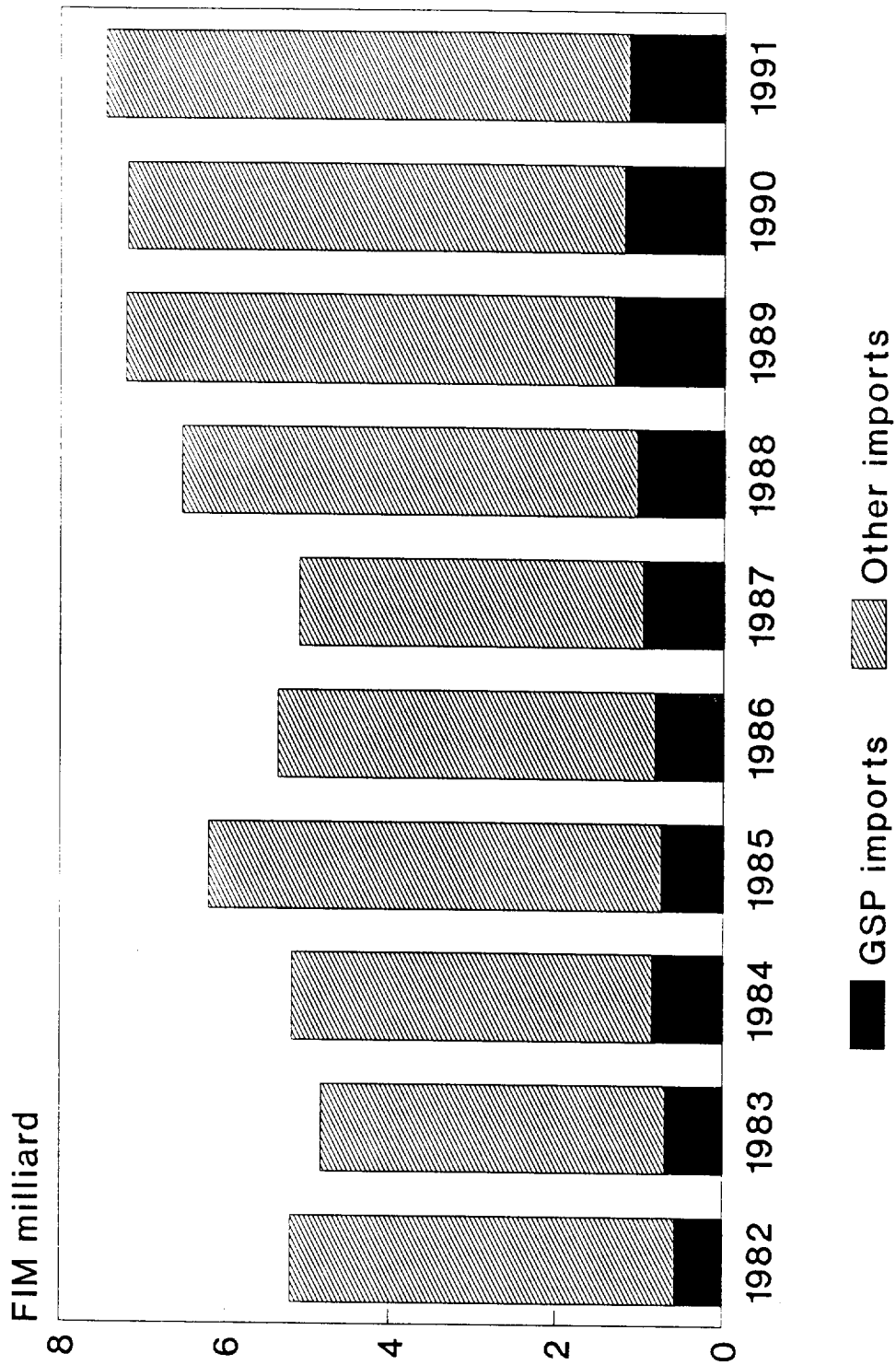


Total GSP imports FIM 1.1 milliard

Source: Finnish Board of Customs

TABLE II

FINNISH IMPORTS FROM DCS
ELIGIBLE FOR GSP TREATMENT 1982-1991



Source: Finnish Board of Customs

III IMPORT PROMOTION AND MARKETING SUPPORT

FINIPO

The Finnish Import Promotion Office for Products from Developing Countries, FINIPO, (PRODEC-IMPORT until December 31, 1992) started its activities in 1980 at the Helsinki School of Economics and Business Administration. It was established on the initiative of the Ministry for Foreign Affairs.

FINIPO's objective is to promote direct imports of manufactured products from developing countries to the Finnish market. The office functions within the policy framework set for Finland's official development cooperation, and its activities are financed by the Government of Finland through the Finnish International Development Agency, FINNIDA. In 1992, all services of FINIPO/PRODEC-IMPORT were provided free of charge.

INFORMATION SERVICES

The information services and the business contact service form the core of activities.

For exporters in developing countries

FINIPO publishes and distributes information on the Finnish market to approximately 2000 export promotion organisations in 130 developing countries. The authorities who receive the publications are requested to disseminate the information among the local business community who is interested in exporting to Finland.

Newsletter Finland

The Newsletter Finland reports changes in the Finnish foreign trade, economy and import regulations. The changes related to the extended product coverage and qualifying conditions of the Generalized System of Preferences (GSP) applied by Finland are summarised in the Newsletter. Each issue contains also a business contact forum where Finnish companies express their interest in finding new suppliers in Africa, Asia and Latin America.

Exporter's Guide to the Finnish Market

"Exporter's Guide to the Finnish Market" includes information on the Finnish market, its import regulations, customs procedures, distribution channels, etc. The Guide is distributed on request to export companies, national export promotion organisations and other trade bodies in developing countries. The Exporter's Guide has also been sent on request to the embassies of developing countries in Europe.

Market surveys

FINIPO publishes and updates market surveys in a series entitled "Market Profile - Finland". They contain information on the supply and demand structures and on the market access factors. In 1992, FINIPO/PRODEC-IMPORT prepared and revised market surveys on most popular products offered by developing countries. Market surveys are sent to exporters and export promotion organisations in developing countries on request. The surveys are also distributed through ITC's information service.

For Finnish importers

Import bulletin "Tuontitiedote"

Several issues of the import bulletin "Tuontitiedote" are published every year. The bulletins are presently distributed among 2000 members of the Finnish business community.

The issues include country profiles and articles on new, potential export products from the developing countries. The bulletin informs about export fairs in developing countries and European fairs featuring products from developing countries. Changes in the GSP scheme of Finland and new principles of the Finnish development cooperation are also reported.

The business opportunities sections of the four issues published in 1992 contained information of almost 1400 exportes willing to offer their products to the Finnish market. Over 80 export companies and their export products were introduced in the "Best Choice" sections which attracted interest among the Finnish business community and approximately 200 Finnish companies contacted FINIPO for more detailed information.

Library

The FINIPO library contains literature, periodicals and export directories on developing countries. An increasing number of the representatives of the Finnish business community visit the library for searching new suppliers from developing countries.

Registers

- of exporters in developing countries

In the course of 1992, company profiles of potential exporters in developing countries have been stored in a computerised register. The data base contains at the moment particulars of over 2600 exporters in developing countries. The register will be updated regularly. The computerised data base is a useful tool when replying to enquiries from Finnish importers.

- of Finnish importers and agents

In 1992, also a computerised register of Finnish importers interested in importing from developing countries was built up. As a result of direct mailing campaigns and other actions, the register included approximately 2000 members of the Finnish business community at the end of the year. FINIPO keeps these companies informed about incoming delegations, exhibitions, trade fairs, buying missions and new interesting products. The register of importers will be updated regularly.

INTERNATIONAL OPERATION

For FINIPO, the main official counterparts with the business community in developing countries are the national export promotion organisations, chambers of commerce and the commercial representations of developing countries accredited to Finland.

Import promotion organisations, especially those of other Nordic countries, DIPO, NORIMPOD and SwedeCorp, are important partners in international cooperation. The Nordic import promotion offices (NIPOs) have several projects with joint financing and had e.g. a representative office in Harare for activities in the SADC area until the end of June 1992.

In the course of 1992, the Nordic import promotion offices had, among others, following joint projects:

- a joint Nordic information stand at the "Partners for Progress" fair in Berlin
- a promotional campaign for Peruvian alpaca products
- an exhibition of children's wear from Indonesia, the Philippines and Thailand
- an exhibition of jewellery from selected developing countries
- a joint information stand at "Sri Lanka Expo '92"
- a seminar on carpets in Nepal
- a joint representative office on Harare for cooperation in the SADC area

IV TRAINING AND ADVISORY SERVICES

PRODEC

Programme for Development Cooperation, PRODEC, is an independent training centre affiliated to the Helsinki School of Economics. PRODEC offers professional career training in foreign trade and entrepreneurship to business executives, specialists and government officials from developing countries. PRODEC also carries out research and related services in the field of international trade. Its activities are financed by the Government of Finland through the Finnish International Development Agency, FINNIDA.

TRAINING

Training is given in the form of seminars and diploma courses in the following four main programmes:

- Export marketing
- Import management
- Trade promotion
- Entrepreneurship and corporate management

PRODEC's training is practical and problem-oriented in content, and designed to meet the particular needs of the developing countries. There are fifteen to twenty seminars and courses annually, each with 15-25 participants. The principal working language is English, but some seminars targeted to Latin American countries are conducted in Spanish.

The main target groups are the top and middle management of private and public enterprises and persons in charge of specialised tasks in organisations and associations related to foreign trade. Entrepreneurship training is targeted to small and medium-sized manufacturing and service enterprises in the private sector. In selecting the participants, priority is given to candidates from the main recipient countries of Finland's bilateral development assistance and from the least developed countries. Special training opportunities are arranged for women.

Many of the courses and seminars are organised in cooperation with one or more UN agencies. Other co-organisers include trade promotion and training institutions in developing countries, as well as specialised organisations, both national and international, which can give expert assistance in seminars dealing with very specific trade matters.

Information about the seminars offered is channelled through PRODEC's direct distribution to relevant organisations in the countries invited to submit applications and through UN or other international and national cooperating partners. About 250 managers and government officials receive training annually, and approximately 200 foreign trade and other experts from Finland and abroad contribute to the seminars as lecturers. Since its establishment in 1968, the total of 2.627 persons, representing 107 nationalities, have participated in PRODEC courses (by the end of 1992).

RESEARCH AND PUBLICATIONS

PRODEC also carries out and supports research related to foreign trade and company-level international operations of developing countries as well as the commercial relations between enterprises in Finland and the developing countries. This research primarily serves the planning and implementation of PRODEC's training activities.

The publications include handbooks, guides and market research reports. PRODEC has also produced a number of other training materials, including computer simulation exercises on the procurement of newsprint and capital goods and several case studies.

PRODEC's realised budget in 1992 was FIM 15.5 million, equivalent to approximately USD 3.5 million.

For further information please contact:

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