The Economic Relations of Finland and Russia

Prof. Riitta Kosonen
Aalto University, School of Business
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GDP in 2011

Finland: 190 mrd €
Russia: 1,335 mrd €

GDP per capita

Finland: 35,000 €/capita
Russia: 9,500 €/capita

Industrial production (2011)

Finland: 89 mrd €
Russia: 400 mrd €
Cities

- 600,000 inhabitants in Helsinki
- 15 cities with more than 1,000,000 inhabitants

Retail trade

Average wage (2010)

- Finland: 3,040 €/month
- Russia: 520 €/month

Income taxation

- Finland: Progressive tax 6-46%
- Russia: Flat tax 13%
Trade between Finland and Soviet Union 1987-1990 and Finland and Russia 1991-2009 (Bn. €)

Exports (2012)

57 mrd €, +/- 0%
400 mrd €, +2.1%

Imports (2012)

59 mrd €, -2%
255 mrd €, +3.7%

Trade between Finland and Soviet Union 1987-1990 and Finland and Russia 1991-2009 (Bn. €)
Exports from Finland to Russia (2011)

Imports from Russia to Finland (2011)

Finnish investments to Russia (M €)

Finnish owned companies in Russia (2008, n=554)
Finnish businesses in the Leningrad oblast
- Attractive region
  - Factories e.g. Ford Motors (cars), Kraft Foods (food supplies)
- Finland 5th most important trade partner
- 2/3 of Finnish firms in Russia located in St.Petersburg or Leningrad oblast.
  - Production e.g. Valio, Nokian renkaat, Helkama Forste, Metsä Fibre

St. Petersburg – most important city for Finnish businesses
- St.Petersburg’s foreign trade partners
  1. China
  2. Germany
  3. Finland
- 400-500 Finnish companies in St.Petersburg

Russia in Finnish eyes

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong growth economy</td>
<td>Raw material dependency</td>
</tr>
<tr>
<td>Risks are more controllable by companies</td>
<td>Demography</td>
</tr>
<tr>
<td>Previous Finnish success stories</td>
<td>Security risks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Diversification</td>
<td>Global economic crisis</td>
</tr>
<tr>
<td>Modernisation</td>
<td>Oil price</td>
</tr>
<tr>
<td>Internationalization (WTO)</td>
<td>Lack of investments</td>
</tr>
<tr>
<td></td>
<td>Political development</td>
</tr>
</tbody>
</table>
Russian Direct Investment to Finland, EUR million

Source: Central Bank of Finland

Russian vacations

Nights spent by Russian tourists at hotels and other accommodation services (in millions)

Most used services in Finland

Lähde: Kaupan liitto, Venäläiset kuluttajat Suomessa - Pietarin alueen kuluttajakysely
Kesä-syyskuu 2011
Finland in Russian eyes

Advantages

- Geographical proximity
- Stable and transparent business environment
- Ecology, nature
- Climate similar to Russia
- Safety and security

"Finland is a paradise for small business"

Disadvantages

- Heavy taxation
- Tough competition, small market
- Low profits, high expenses
- Strict financial regulation (banks)
- Language barrier

"Nobody comes to Finland because of profits - it's like going picking watermelons in taiga"

Eastern Finland & Russia

- Close to Russia
- 2/3 of firms export only to Russia
- Shopping tourism
- Active boarder crossings
- Twin city Imatra-Svetogorsk
- Historical roots (Vyborg, Pervomajskoe)