

The Finnish-Russian economic relations at a new level after Russia's WTO accession ?

STRUCTURE OF PRESENTATION

Larger perspective on Finnish-Russian trade relations: Russia and the Baltic Sea region

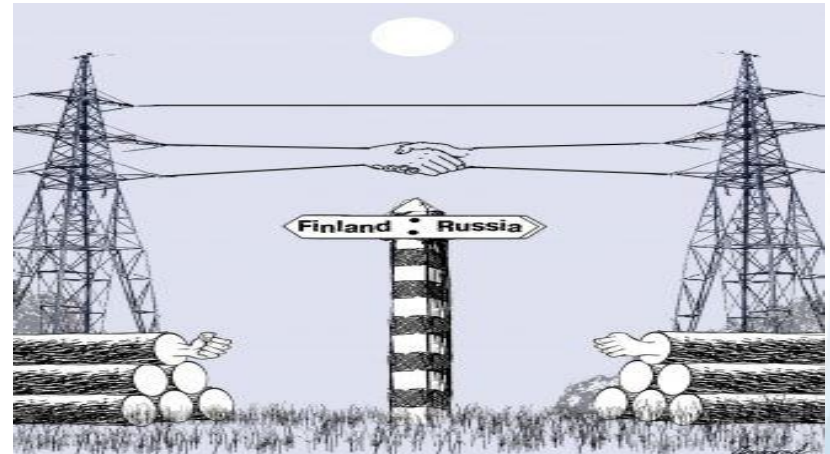
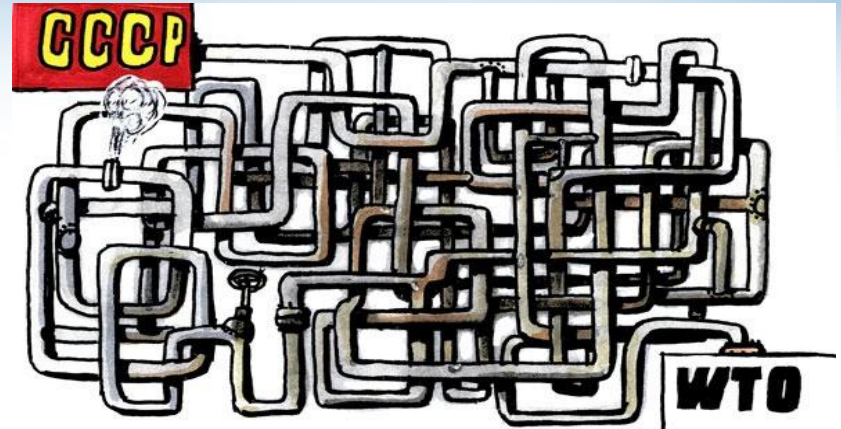
Finnish-Russian trade and its development

Less conventional trade relations:

- re-exports from Finland to Russia
- transit trade
- large shopping tourism

Investment relations

Future development ?



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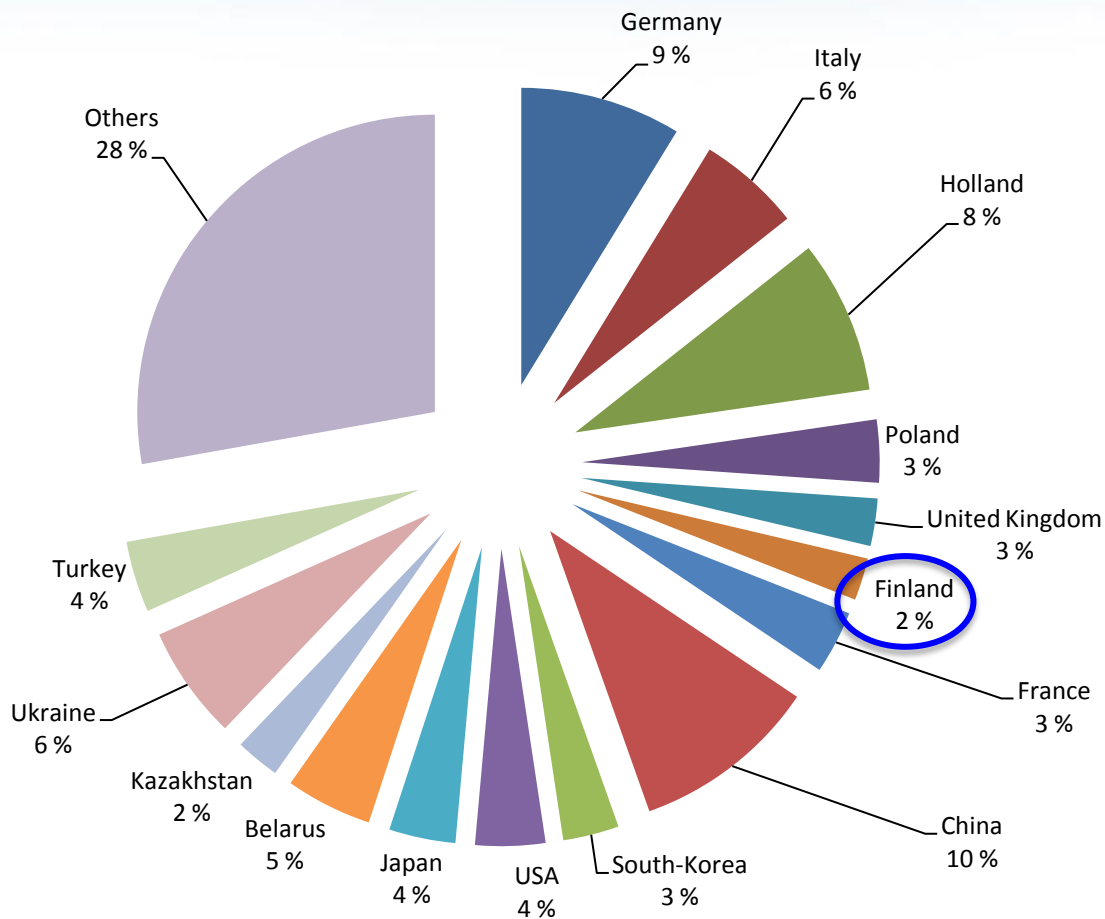
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Helsinki 11.10.2012

Finland among Russia's major trade partners

(exports + imports in 2011)



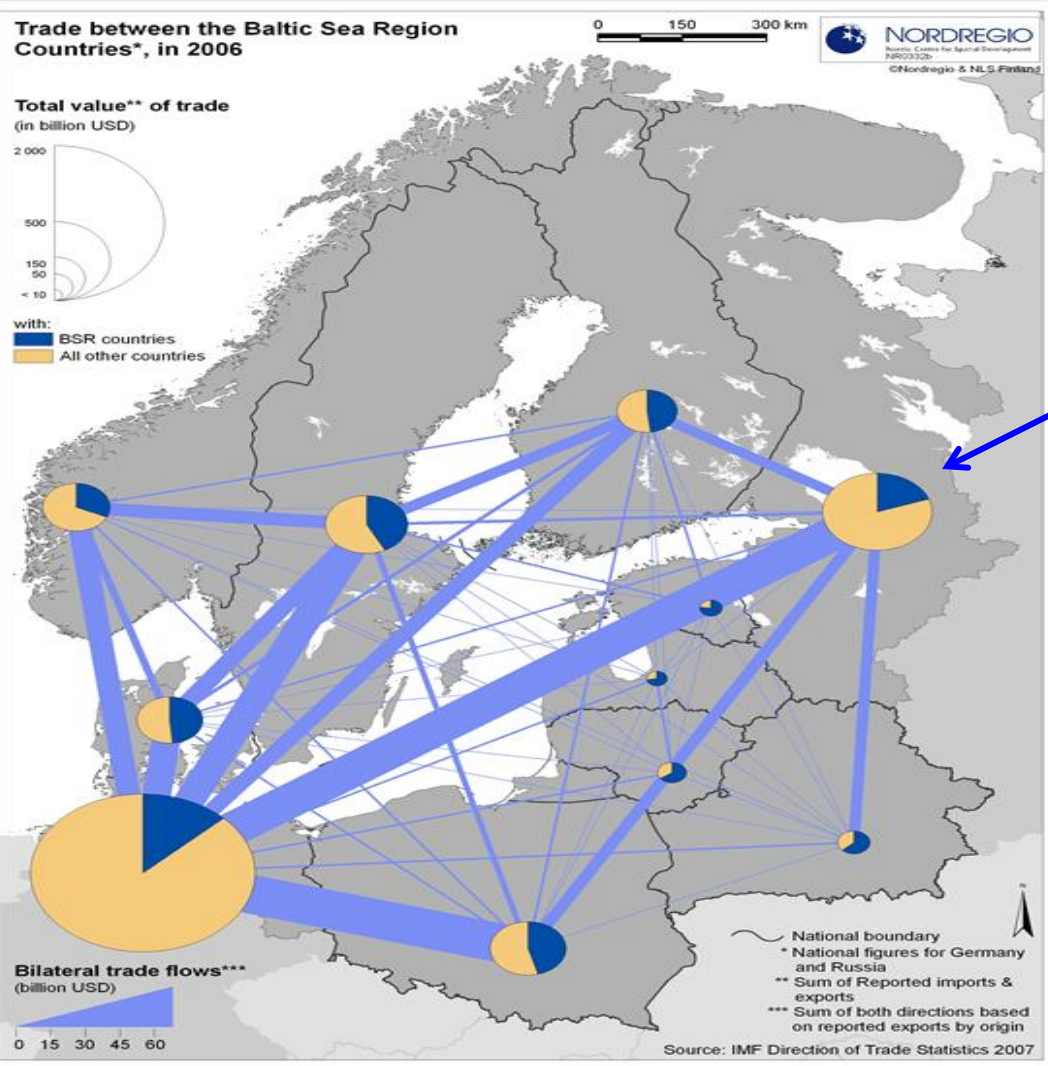
Impact of WTO ?

Impact of Customs Union
with Belarus and
Kazakhstan ?



Eurasian Union ?

Importance of the BSR countries to Russia's foreign trade relations



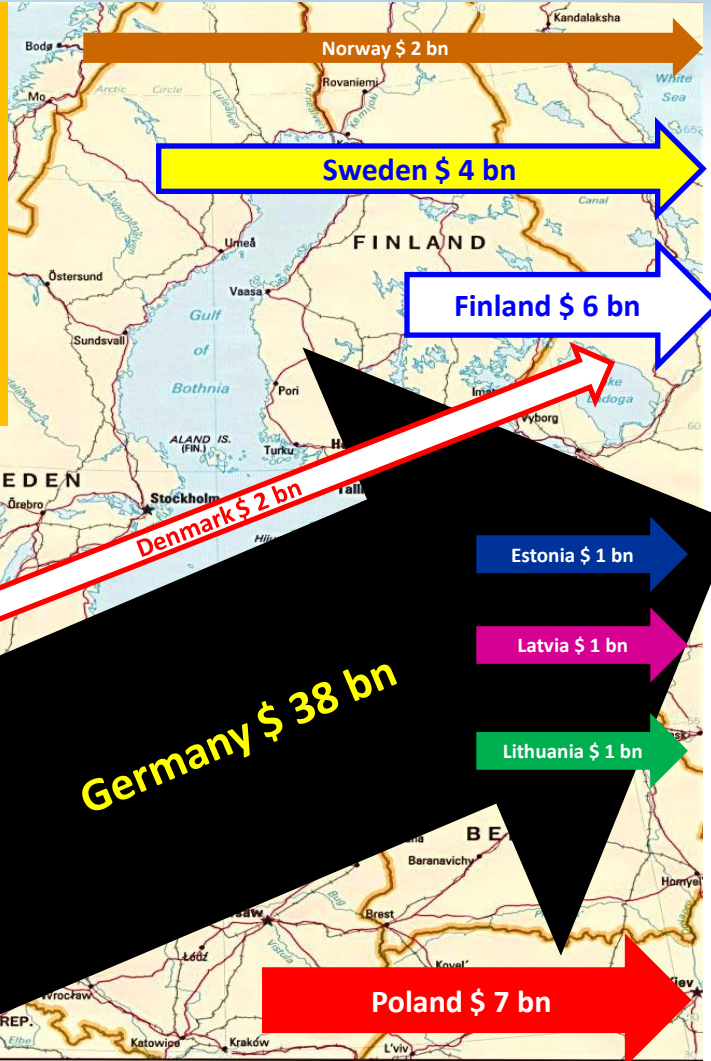
Share in Russia's foreign trade turnover in 2011

EU	48.0 %
BSR countries	18.9%
Germany	8.7 %
Poland	3.4 %
Finland	2.3 %
Sweden	1.1 %
Lithuania	1.0 %
Latvia	1.0 %
Denmark	0.5 %
Estonia	0.5 %
Norway	0.4 %

Trade between Russia and the BSR countries

(value of total trade in USD billion in 2011)

Russian imports from BSR countries total \$ 61 billion
 - Germany covers over 60%
 - imbalance between imports and exports



Value of Russia's foreign trade turnover (exports + imports) in 2011

Total trade	\$ 821 billion
BSR countries	\$ 155 billion
Germany	\$ 72 bn
Poland	\$ 28 bn
Finland	\$ 19 bn
Sweden	\$ 9 bn
Lithuania	\$ 8 bn
Latvia	\$ 8 bn
Denmark	\$ 4 bn
Estonia	\$ 4 bn
Norway	\$ 3 bn

Importance of Russia to the BSR countries in 2011

Share of Russia in imports of ... Share of Russia in exports of ...

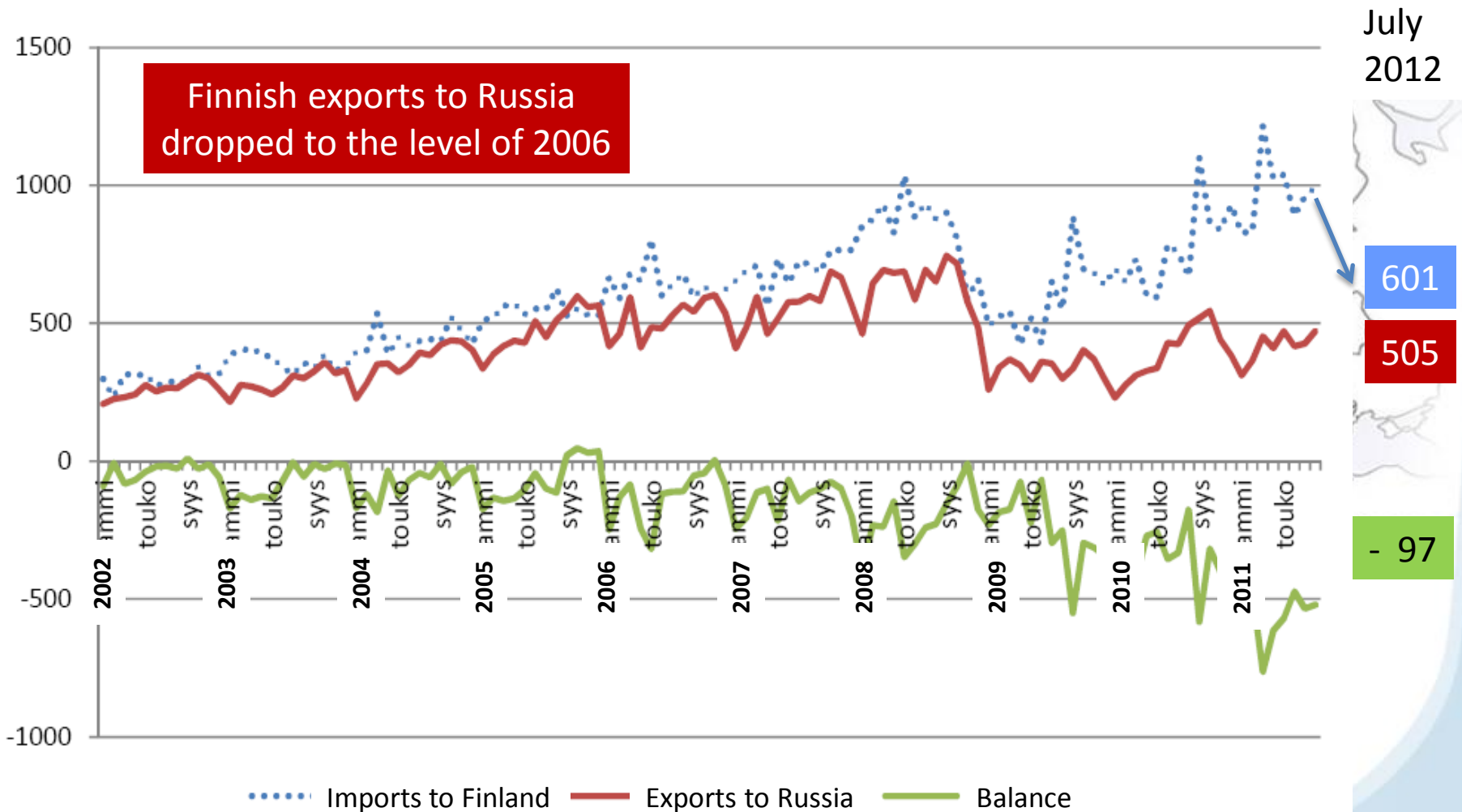
Denmark	2 %	2 %
Estonia	8 %	11 %
Finland	19 %	9 %
Germany	5 %	3 %
Latvia	10 %	11 %
Lithuania	32 %	17 %
Norway	2 %	1 %
Poland	12 %	5 %
Sweden	6 %	2 %

Russia extremely important partner for Finland: 200 year perspective



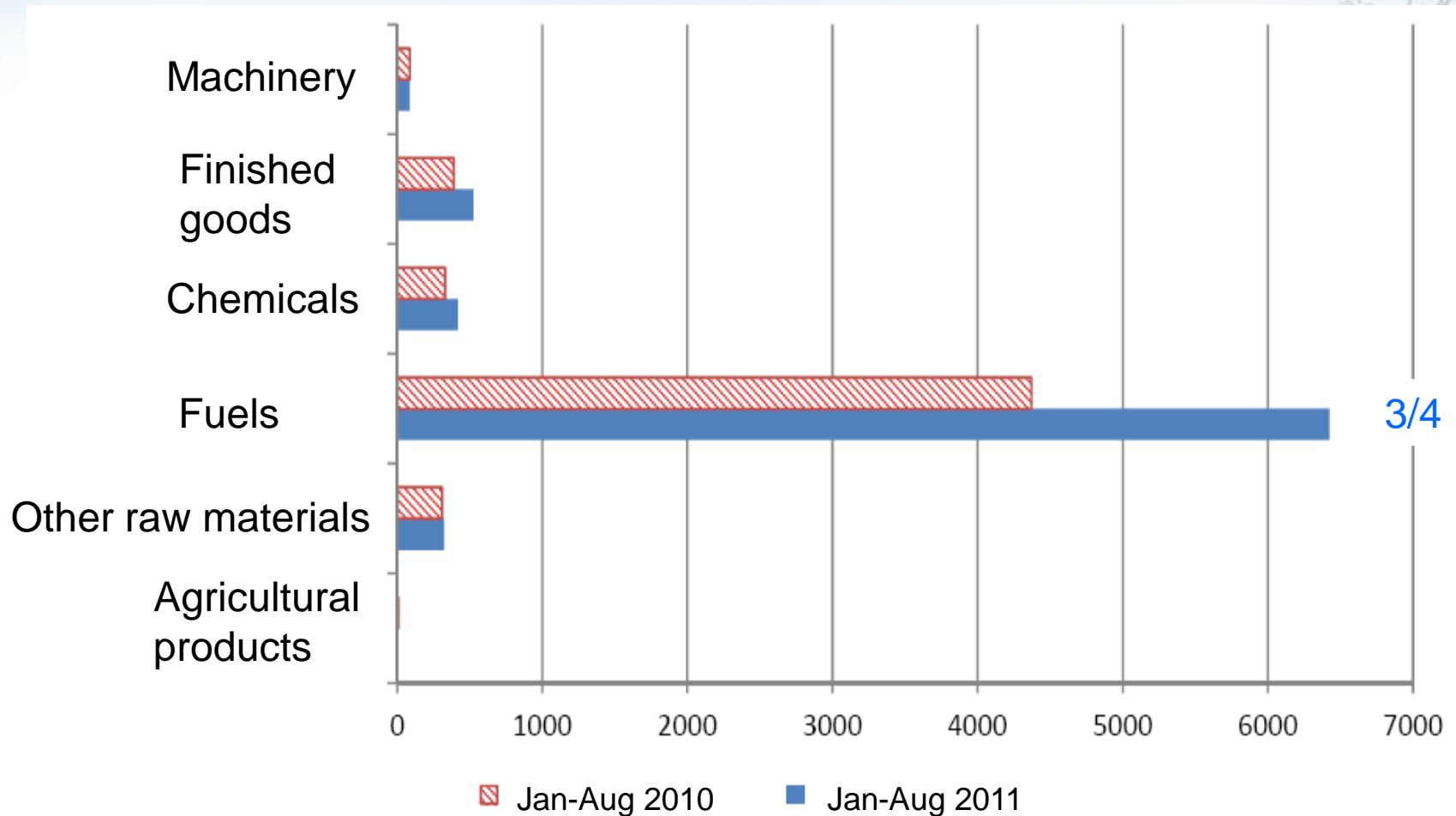
Short-term development of Finnish-Russian trade

(€ mn)



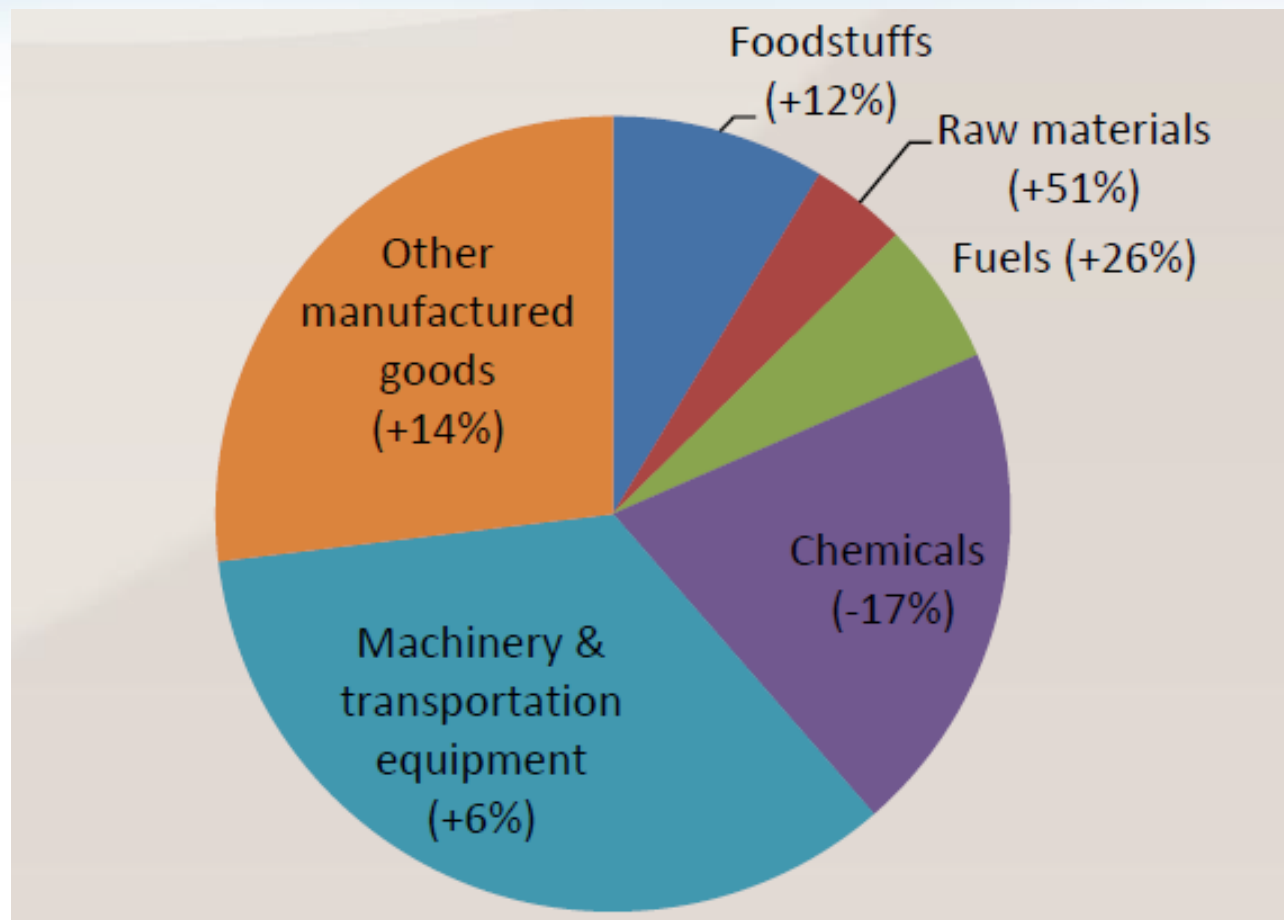
Finnish imports from Russia

(€ mn)



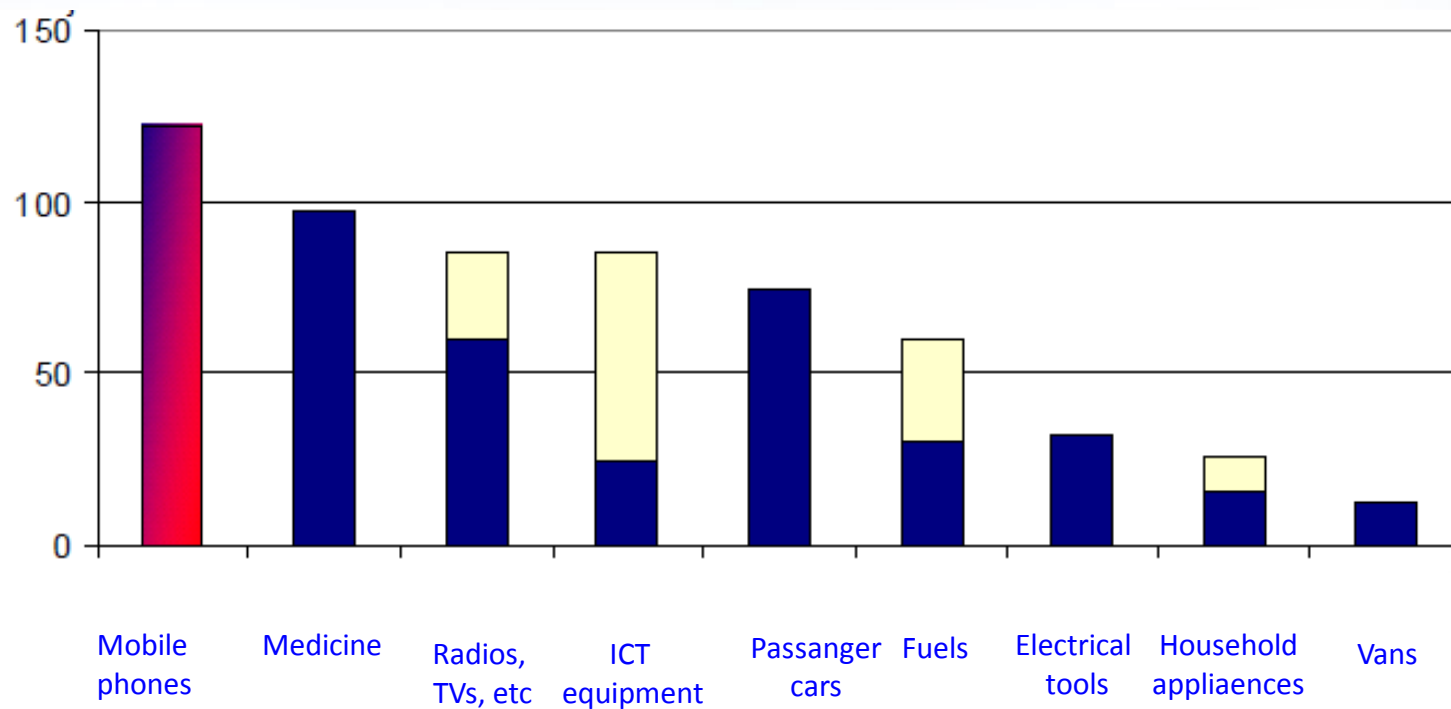
Finnish exports to Russia

(1-5/2012)



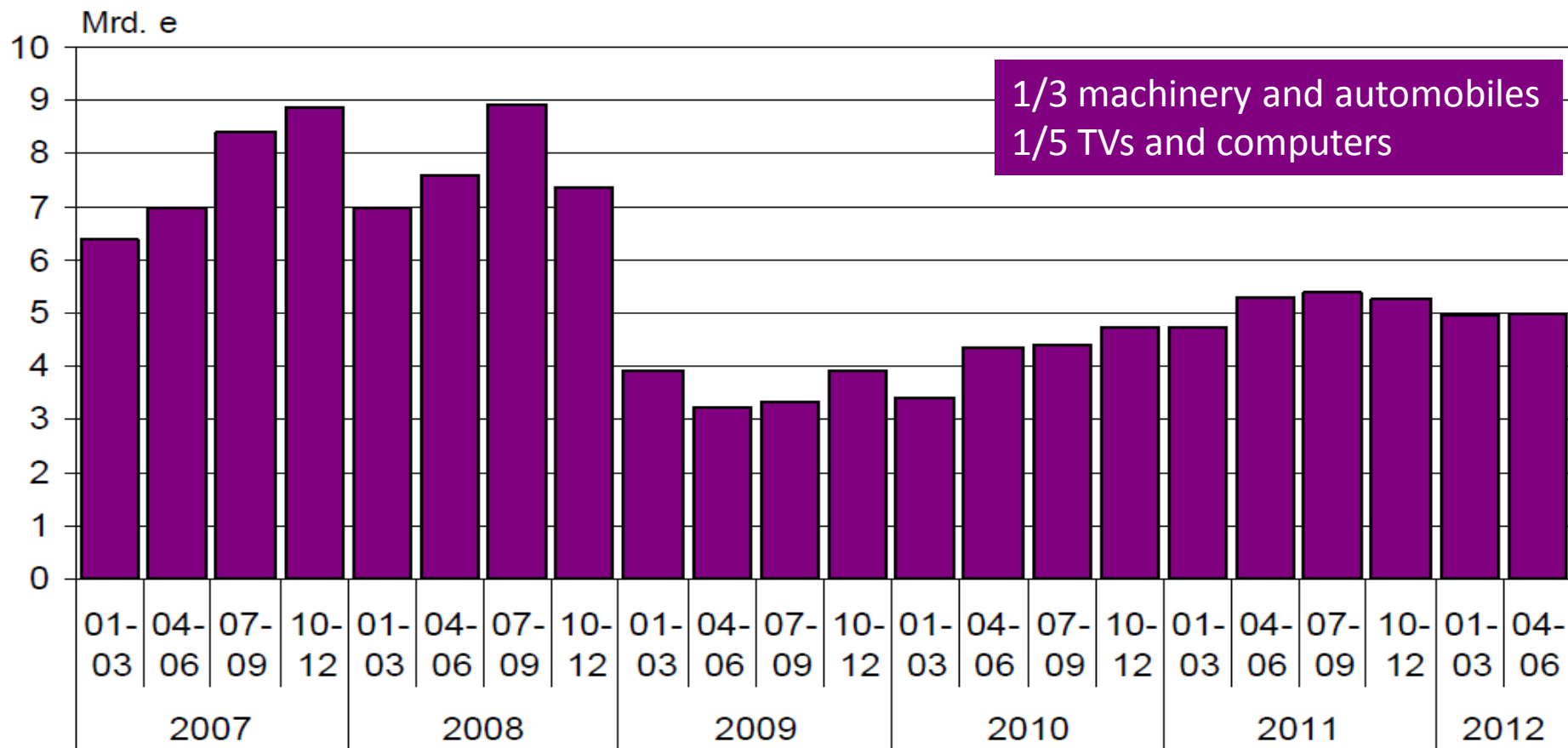
Re-exports from Finland to Russia

(€ million in 2010)



Road transit from Finland to Russia

(€ bn)



Value of transit = 4 times our exports to Russia

Transit employs directly around 3000 Finns

Road transit has not recovered from the crisis, and its recovery will be slow due to Ust-Luga.

Russian tourism in Finland

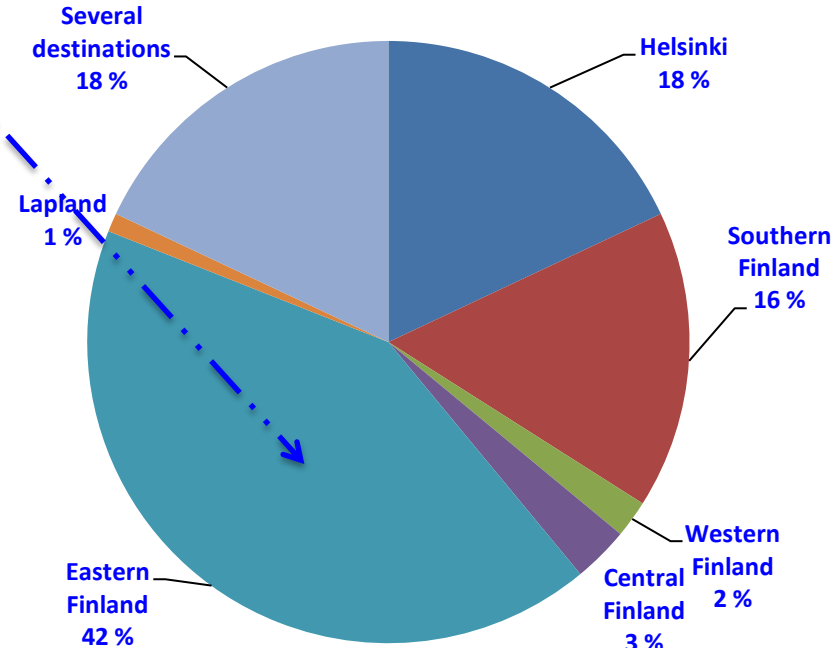
Around 7.3 million foreigners visit Finland annually, out of which the Russians form almost a half.

Russian tourism complements the Finnish tourism
- peak seasons are January and August,
but even in February some 175,000 visits from Russia.

Eastern Finland in particular attracts Russians, over 40% of their visits.

Some 5.5 million hotel nights spent by foreigners, out of which 1/4 made by the Russians.

Foreign tourists consume worth € 2.2 bn in Finland, out of which the Russians cover 40%.



Tax free sales in Finland

(- 000 €)

Russians cover some 90% of tax free sales in Finland.

City	Sales 2011	Sales 2010	Change	Share
Helsinki	80 810	62 451	29%	32,1%
Lappeenranta	76 469	52 260	46%	30,4%
Imatra	15 057	9 266	63%	6,0%
Kotka	9 847	6 762	46%	3,9%
Joensuu	9 601	5 744	67%	3,8%
Vantaa	9 014	7 469	21%	3,6%
Rovaniemi	5 153	3 131	65%	2,0%
Kajaani	4 606	2 926	57%	1,8%
Lahti	3 891	2 999	30%	1,5%
Kouvola	3 732	2 731	37%	1,5%
Savonlinna	2 631	1 743	51%	1,0%
Espoo	2 564	2 046	25%	1,0%
Mikkeli	2 411	1 808	33%	1,0%
Kuopio	2 162	1 547	40%	0,9%
Hamina	2 088	1 241	68%	0,8%
Muut	21 505	16 177	33%	8,5%
Total	251 540	180 303	40%	100,0%

40% of sales done close to border

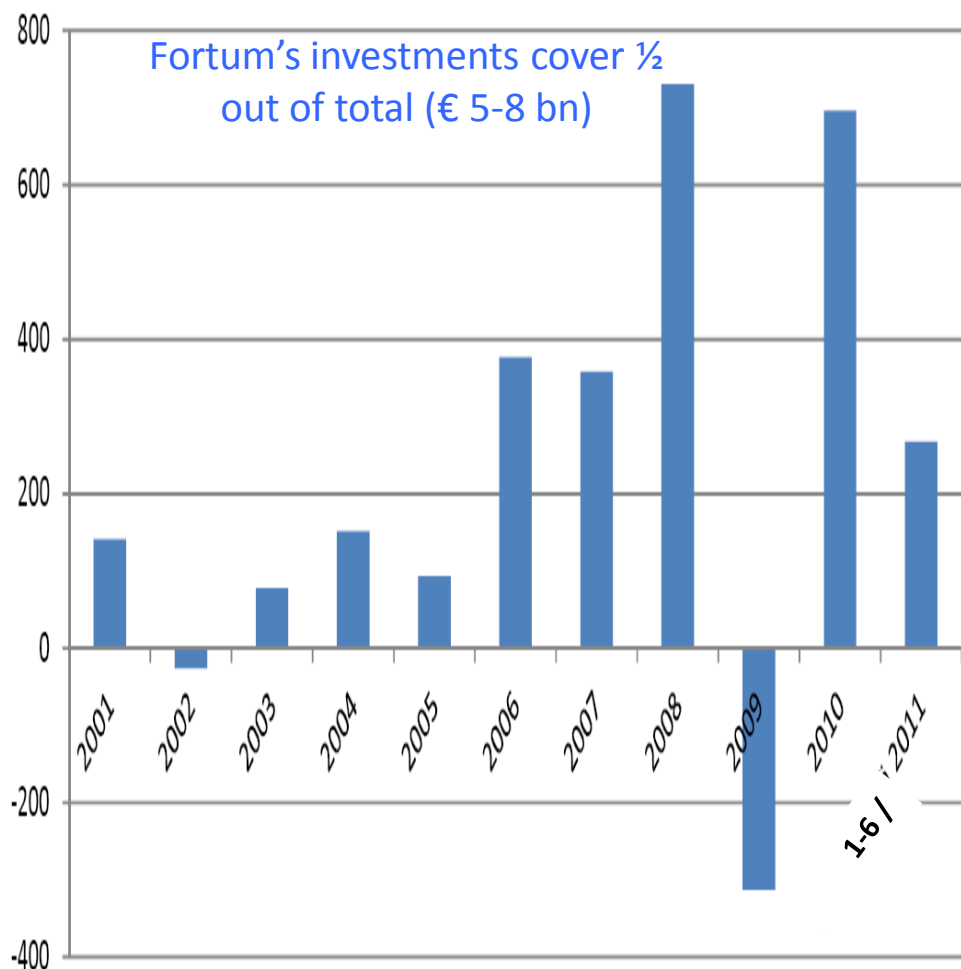
... and the border trade increases fast

... even casinos are established at the border

60% of tax free sales consists of ordinary daily goods

Finnish FDI to Russia

(€ mn)

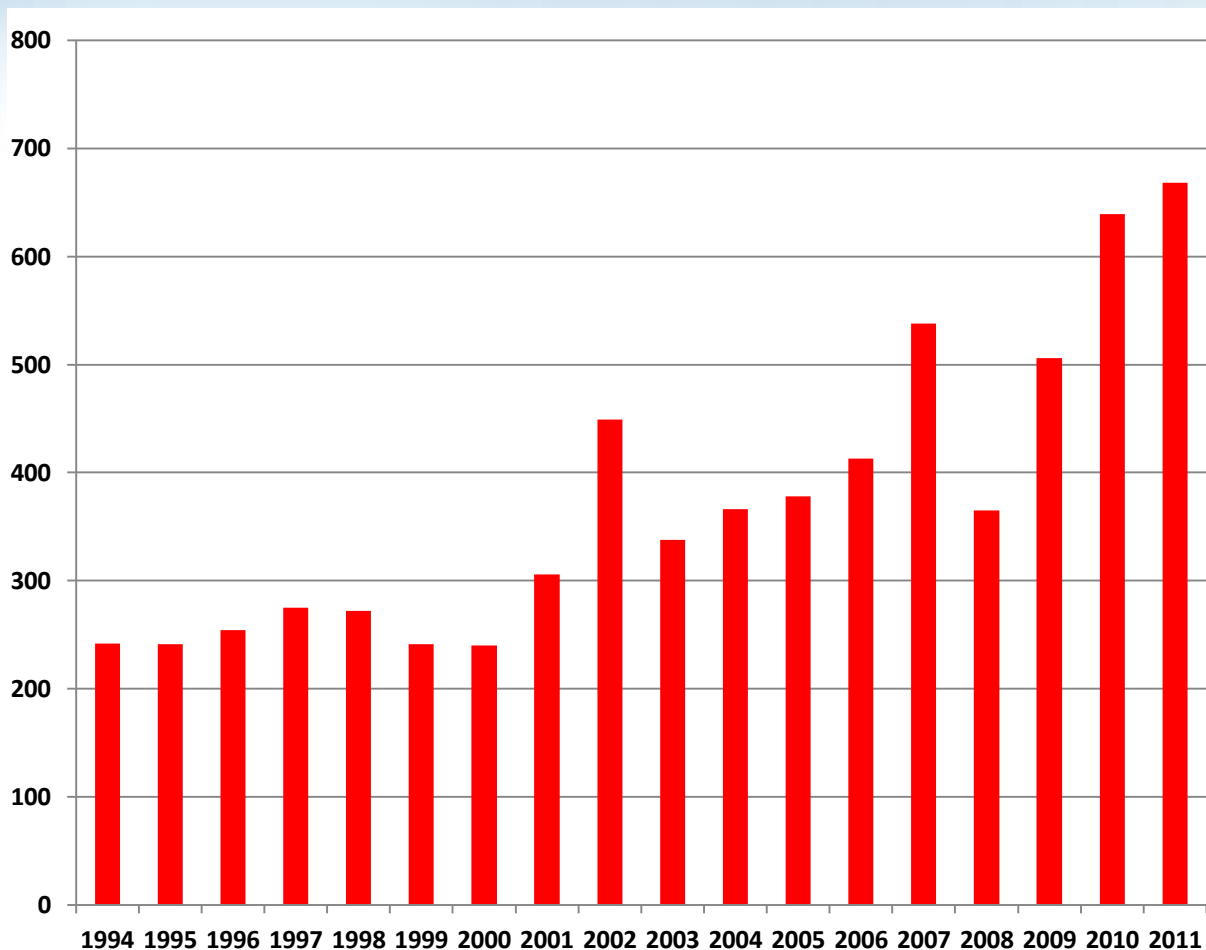


Situation as of June 30, 2010	Investments in Russia, € mn	Employment in Russia	Russia's share of employment	Russia's share of sales	Global turnover 2009, € bn
Fortum	2 800	4584	40 %	10 %	5,4
YIT	740	2433	10 %	9 %	3,5
Nokian Tyres	na	691	21 %	14 %	0,8
Stockmann	360	3000	20 %	12 %	1,7
Itella	311	4723	15 %	8 %	1,8
Fazer	232	3914	27 %	15 %	1,4
UPM	na	1000	4 %	na	7,7
Rautaruukki	200	1800	15 %	5 %	2,0
Sanoma	192	1371	8 %	3 %	2,8
Atria	180	2015	35 %	11 %	1,3
Kesko	160	1453	6 %	2 %	8,4
Cargotec	na	76	1 %	na	2,6
Konecranes	na	100	1 %	na	1,7
VR	1	100	1 %	13 %	1,4
Kemira	na	55	1 %	3 %	2,5
Kone	na	728	2 %	na	4,7
Metso	na	177	1 %	2 %	5,0
Outokumpu	na	na	na	na	2,6
Wärtsilä	na	130	1 %	1 %	5,3
Sitra	na	na	na	na	na
Sum / average*	5 827	28 350	10 %	7 %	63

Source: East Office survey from September 2010 among shareholders of the East Office of Finnish Industries plc.

The Russian FDI stock in Finland

(€ mn)



Russian FDI stock in Finland has grown but the growth has been slower than that of EU countries, and as a consequence, the share of Russia has dropped from 4% in 1994 to 1% in 2011 in Finland's inward FDI stock.

Some publicly-known Russian-owned firms in Finland:
Teboil, Gasum, Suomen Petrooli, Norilsk Nickel Harjavalta, Delta Motor Group, RAO Nordic, Sekom Trading

... some 2000 firms with the Russian citizens in the BoD - very small and a number of inactive firms substantial.

Future development ?

SOME NEW PHENOMENA

LNG imports from Russia to Finland
at the end of this decade ?

“Western” goods produced in St. Petersburg
sold to Finland

Russian high-tech companies come
to Finland in order to start production ,
though the target market is Russia

Finnish-Russian innovation collaboration with
a target to sell goods to third markets (global market)

... but who knows what happens in the future ?



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