

FACT SHEET

Overview of Finland

Geography	
Land area	<ul style="list-style-type: none"> Finland, officially the Republic of Finland, is located in northern Europe. It has a total land area of 303 815 sq km, of which three-quarters are covered in forest. Helsinki is the capital of the country and seat of government.
Demographics	
Population	<ul style="list-style-type: none"> Finland had a population of about 5.5 million at end-June 2014. It is one of the most ethnically homogeneous countries in Europe dominated by people of native ancestry. Foreign residents only account for about 5.5% of the total population, with most of them coming from Russia, Estonia, Somalia and Iraq.
History	
Absorbed into the Swedish Empire	<ul style="list-style-type: none"> Finland is bordered by Russia to the east and Sweden to the west. From the 12th century, Finland became a battleground between Russia and Sweden. The rivalry between these two powers was subsequently turned into a religious rivalry between the Roman Catholic Church supported by Sweden and the Orthodox Church to which Russia belonged. King Eric of Sweden led a crusade to Finland and absorbed the country into the Swedish Empire in 1155.
Conquered by Russia	<ul style="list-style-type: none"> When Sweden lost its status as a leading power at the beginning of the 18th century, Russia began to exert more pressure on Finland. Finland was conquered by Russia in 1809 and became an autonomous Grand Duchy.⁽¹⁾ The Russian Emperor or Tsar was the Grand Duke, whose representative in Finland was the Governor General. While under Russian power, Finland became a state with its own assembly, elections, local administration, legislation, army, currency and post office.

Note: (1) A Grand Duchy is a territory whose head of state is a monarch, either a grand duke or grand duchess.

History (cont'd)	
Independence of Finland	<ul style="list-style-type: none"> In 1916, Russia was in the grip of revolution, and on 6 December 1917 Finland declared its independence and broke away from Russia. France, Germany and Sweden were among the first countries to recognize Finland as an independent state. In Finland, the form of government was confirmed in 1919 as a republic with the President as the head of state.
Conflicts with the Soviet Union	<ul style="list-style-type: none"> The Soviet Union attacked Finland during the winter of 1939-1940 and the Winter War lasted for 105 days. The ensuing interim peace lasted until the summer of 1941, when the Continuation War between Finland and the Soviet Union broke out. When the war ended in September 1944, Finland was forced to surrender some of its territory to the Soviet Union. Finland maintained a neutral political position throughout the Cold War era. Nevertheless, Finland signed a 1948 treaty with the Soviet Union (terminated in 1991) and was obliged to repel any attack on the Soviet Union carried out through the Finnish territory by Germany or any of its allies.
International co-operation	<ul style="list-style-type: none"> During the 1950s, Finland consolidated its position in the international community. For example, it became a member of the United Nations in 1955 and the Nordic Council (an inter-parliamentary body for the Nordic countries) in 1956. The unification of Europe and the disintegration of the Soviet Union in the 1990s also had an influence on Finland. Finland joined the European Union ("EU") as a full member in 1995. At the beginning of January 2002, Finland and 11 other countries adopted the euro as their single currency.⁽²⁾
Economy	
Gross Domestic Product ("GDP")	<ul style="list-style-type: none"> The Finnish economy was the 43rd largest in the world in 2013, with an estimated GDP of US\$257 billion (HK\$1,993 billion). At US\$47,129 (HK\$365,533), Finland's GDP per capita ranked 14th in the world in 2013.

Note: (2) Finland is the only Nordic country to adopt the euro as the national currency.

Economy (cont'd)	
Economic structure	<ul style="list-style-type: none"> • The estimated GDP composition by sector in 2013 was: <ol style="list-style-type: none"> (a) agriculture (3%); (b) industry (25%); and (c) services (72%). • Finland underwent an economic restructuring in the 1980s and 1990s, transforming itself from an agriculture-based economy into a diversified economy with a strong presence of the services sector. The Finnish economy is also characterized by its knowledge orientation and high level of innovation, thanks to its emphasis on research and investment in the education system. • For the manufacturing sector, Finland has developed a competitive edge in information and communications technology, electronics, electrical engineering, metal, wood processing and chemical industries. In particular, Finland excels in high-tech exports, as evidenced by the success of its healthcare technology industry which exports 90% of production to overseas markets. It is also home to Rovio, a Finnish entertainment media company that creates the popular mobile phone game "Angry Birds".
Recent economic performance	<ul style="list-style-type: none"> • Finland experienced an abrupt economic downturn in 2008 with a 0.3% GDP growth as the effects of the global financial crisis weighed on its export markets and local economy. The country fared worse in 2009 with its GDP down by 8.5%, the sharpest fall after the independence of Finland in 1917. Before the setback in 2008-2009, Finland had experienced an uninterrupted economic growth since 1994 when it rebounded from a severe recession between 1990 and 1993. • In 2010, the Finnish economy recovered from the global financial crisis and showed a broad-based growth of 3.4%. The euro zone debt crisis negatively affected Finnish exports in 2011, but Finland still managed to grow by 2.8% in the year. Indeed, Finland's economy has been less affected by the debt crisis than many countries in the region, owing to its healthy banking sector and little exposure to the most highly indebted euro zone countries.

Economy (cont'd)	
Recent economic performance (cont'd)	<ul style="list-style-type: none"> • However, the Finnish economy contracted by 1.0% in 2012 as a result of subdued export performance and weak government consumption. The lacklustre subdued performance continued into 2013 and Finland's GDP growth was down by 1.4% as weak household confidence, relatively high unemployment and tax increases held back private consumption growth. • In 2014, Finland is forecast to grow marginally by 0.2% because of the tight fiscal policy adopted by the government and the external demand uncertainty in the neighbouring countries such as Russia and Ukraine.
Change of government	
Government leadership	<ul style="list-style-type: none"> • Finland's proportional representation system encourages a multitude of political parties and the formation of many coalition governments. The Centre Party, the National Coalition Party, the Social Democratic Party, and the True Finns Party are the four major parties emerged to dominate the political arena in recent years, but none of them has a majority position. • The Centre Party won the 2003 parliamentary election, ending eight years of rule by the Social Democratic Party-led coalition. Its leader, Anneli Jäätteenmäki, took over the premiership to become the first woman in Finland to hold this position. • The tenure of Anneli Jäätteenmäki lasted only 69 days as she had to resign after an unprecedented political scandal. Jäätteenmäki was succeeded by Matti Vanhanen who led a three-party governing coalition comprising the Centre Party, the Social Democratic Party and the Swedish People's Party. • In March 2007, the Centre Party won the parliamentary election again by a narrow margin and Vanhanen secured a second term as the Prime Minister. He subsequently formed a four-party governing coalition with the National Coalition Party, the Green League and the Swedish People's Party. In June 2010, Vanhanen resigned as the party leader and Prime Minister and was succeeded by Mari Kiviniemi. Mari Kiviniemi is the second woman in Finland to hold the post of Prime Minister.

Change of government (cont'd)	
Government leadership (cont'd)	<ul style="list-style-type: none"> • In the 2011 parliamentary election, the National Coalition Party outcompeted the Centre Party and became the largest party in Parliament. Its leader Jyrki Katainen became the Prime Minister after the election. He formed a six-party governing coalition comprising the National Coalition Party, the Social Democratic Party, the Left Alliance, the Green League, the Swedish People's Party and the Christian Democrats. The True Finns Party finished third after the National Coalition Party and the Social Democratic Party in the election to become the major opposition party. • In March 2014, the Left Alliance withdrew from the coalition government in protest against the spending cuts proposed by the government, leaving the Katainen's administration a five-party government. Katainen subsequently announced that he would step down from the Prime Minister for taking up a senior post in the EU. In June 2014, Alexander Stubb succeeded Katainen as the leader of the National Coalition Party and the Prime Minister.
Institutions of the <i>Constitution</i>	
Three branches of government	<ul style="list-style-type: none"> • Finland has a mixed presidential/parliamentary system with executive power divided between the President, who primarily directs national security and foreign affairs, and the Prime Minister, who has primary responsibility for all other areas including the EU issues. • Sauli Niinistö has served as the President since March 2012 while Alexander Stubb has been the Prime Minister since June 2014. Both of them come from the National Coalition Party. • The Eduskunta is the unicameral legislature of Finland made up of 200 Members returned from 15 constituencies under a proportional representation system. Parliamentary elections take place every four years unless the Eduskunta is dissolved earlier by a presidential order.

Institutions of the Constitution (cont'd)	
Three branches of government (cont'd)	<ul style="list-style-type: none"> • The Judicial Branch of Finland is divided into: <ol style="list-style-type: none"> (a) courts for regular civil and criminal jurisdiction, consisting of the Supreme Court, six Courts of Appeal and 27 District Courts; (b) administrative courts with jurisdiction over litigation between individuals and the public administration; and (c) specialized courts such as the Labour Court and the Insurance Court.
Ties with Hong Kong	
Trade	<ul style="list-style-type: none"> • Importance of Finland to Hong Kong's external trade in the first half of 2014: <ol style="list-style-type: none"> (a) 39th largest trading partner; (b) 34th largest export market; and (c) 48th largest source of imports.
Tourism	<ul style="list-style-type: none"> • In the first half of 2014, visitor arrivals from Finland to Hong Kong decreased by 9.6% year-on-year to 14 249, representing less than 0.1% of the total visitor arrivals during the period.
Investment	<ul style="list-style-type: none"> • As at June 2013, Finnish companies established five regional headquarters, 10 regional offices and 11 local offices in Hong Kong.

References

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