

Finnish Investment in Canada

The limited market in Finland has traditionally pressed Finnish companies to rely heavily on exports and expansion abroad. This expansion was very active throughout the last decade especially in the form of direct investment to start new companies or acquire existing operations abroad.

The Bank of Finland estimates that Finnish direct investment abroad amounted to FIM 21.7 billion (C\$6.4 billion) at the end of 1988. The highest return on investment was generated in North America by the forest and chemical industries.

An annual survey by the Bank of Finland shows there was a 48% increase over 1988 in the net investment outflow by Finnish companies, reaching FIM 11.8 billion (C\$3.5 billion). Although Finnish companies have placed their priority on Western Europe, which received 40% of total investment abroad, North America fared well. The United States and Canada received 21% and 7% respectively of the total outward investment in 1989.

Canada has been and continues to be a target for Finnish entrepreneurs. Some 80 Finnish companies employing 6,000 people operate in Canada, including more than half the top 30 Finnish companies. In 1989, Neste, the national oil company, announced a joint venture with Petro-Canada to build a C\$350 million MTBE (methyl tertiary butyl ether) plant near Edmonton. Another Finnish multinational, Rauma Repola, acquired a well known Canadian company in the forestry equipment sector, Timberjack.

Tampella, a giant in industrial equipment acquired Eimco Jarvis, an important mining equipment manufacturer. This is in addition to the expansion of existing plants, such as Eurocan pulp and paper mill in B.C. in which Enzo-Gutzeit has a 50% interest, and Normet's mining carrier operation in Lively, Ontario, which is small but still significant for the area.

Valmet acquired Dominion Engineering in Montreal and Sentrol in Toronto in the mid-1980s and is consolidating its market leadership as a manufacturer of paper-making equipment.

Investment in mining by Outokumpu, in consumer goods by Karhu, and the acquisition of Wilson Sporting Equipment Canada by Amer, are more signs of the growing presence of Finnish companies in many segments of the Canadian economy.