

Finland's defence budget for 2001 was \$1.54 billion, the fourth-highest military expenditure in the European Union. In 2002, the Finnish government is proposing to raise the proportion of defence spending from 4.51% of the state budget to 4.87%.

Calling on Canadian expertise

Finland — aerospace and defence sector

Market overview

Procurement of matériel accounts for 30% of military spending, and 85% of matériel is imported. Government programs are underway to develop Finland's domestic military industry and reduce its imports of matériel to 50%.

During the 1990's, the Air Force was upgraded with the addition of new F-16 C/D fighters and the associated weapons systems. The first decade of the new millennium will be reserved for the refurbishment of the Navy and the Army.

The Navy 2000 programme, worth \$1.7 billion, calls for new craft and weapons systems. The new fleet will comprise two missile Fast Attack Crafts (FACs) and four combat hovercraft.

The development of Army Rapid Deployment Forces, worth \$500 million, will entail new transport helicopters, ground transport vehicles and associated weapons systems. In September 2001, Finland, Norway and Sweden made a joint decision to purchase NH-90 transport helicopters from NH-Industries. Finland will buy 20 helicopters, which will be delivered between 2004-2008. The first two will be assembled at the NH-Industries plant, and the remainder at Finnish Patria Finavitec in Jämsä.

A decision to purchase combat helicopters is expected in 2004.

In 2000, the overall Finnish market for aircraft and parts was valued at approximately \$972 million. Imports accounted for \$746 million, or 75% of

the Finnish aerospace market. Local production facilities generated \$380 million worth of aircraft and parts, of which \$154 million was exported.

Major players

Finland's national airline, Finnair, dominates the civilian market for aircraft

and parts. In 2000, Finnair operated 96% of the domestic flights and 61% of international flights.

Finnair's major suppliers of aircraft engines and parts are Pratt & Whitney (UK), CFM International, Boeing, Pratt & Whitney (Canada) (www.pwc.ca) and General Electric. Airbus will likely move into the top-five category following Finnair's recent purchase of four Airbus aircraft. Canada's CAE (www.cae.com) is the major supplier of flight simulators.

EUROPE

Patria Finavitec (of Patria Industries, the Finnish technology and defence group) is Finland's sole aircraft manufacturer. It operates in three business areas: overhaul of helicopters and military aircraft, including airframe, power plant and systems, through its subsidiary Patria Finavicom; design and manufacture of aircraft and spacecraft structures; design, manufacture and development of electronics and software.

There is a Canadian connection here: Patria works in cooperation with Norwegian Helicopterservice, which is owned by Canada's CHC Helicopter Corporation (www.chc.ca). EADS (European Aeronautic and Defence and Space Company), Europe's largest aerospace and defence company,

purchased 26.8% of Patria's shares in 2000, which will likely open up new business for Patria.

Opportunities

In 2000, Finland was home to 1,088 civil aircraft: 64 airliners, 82 helicopters, 372 gliders and 570 other types of air planes. Major Finnish flight operators have recently upgraded their aircraft, or ordered new planes, in order to standardize their fleets and reduce the cost of maintenance, crews and training. For this reason, and because of the current global instabilities, there are no immediate opportunities to export airliners. Demand continues, however, for small aircraft, such as air taxis, air ambulances and service planes.

The NH-90 helicopter purchases will necessitate the formation of joint-ventures with other Nordic countries and will require domestically produced tactical add-on systems for defence, simulation and training.

Due to the relatively small size of the Finnish aerospace market, Patria needs export markets to sustain its products' profitability. Patria values joint ventures with Canadian companies with expertise in marketing and distribution, no doubt because of the kinship felt by Canada and Finland as a result of sharing a similar climate and terrain, and comparable industry standards.

Useful Web sites

- Ministry of Defence (Matériel Procurement): www.vn.fi/plm/emater.htm
 - The Finnish Defence Forces: www.mil.fi
 - Civil Aviation Administration Finland: www.ilmailulaitos.com/english/
 - Patria Industries: www.patria.fi
 - Finnair: www.finnair.com
 - Customs: www.tulli.fi
 - Instrumentointi Oy: www.insta.fi
- For more information, contact Seppo Vihersaari, Business Development Officer, Canadian Embassy, Helsinki, tel.: (011-358-9) 171 141, fax: (011-358-9) 601 060, e-mail: seppo.vihersaari@dfait-maeci.gc.ca Web site: www.canada.fi

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CanadaExport

Europe

only to the regional market, but also expansion in the region and, often and Southern Europe. Because of is a gateway to Russia, the Baltic former Soviet Union.

vn to Canadian exporters, so ou to make export or investment er — in a region that is stable, ig for EU accession, and has dly approaching those of Western re already been the target of Team ins, and Canadian companies have w successful in the region. Sectors include agri-food, automotive, erials, environment, health care, cation technology.

SLOVAKIA	SLOVENIA
5.4	2.0
19.2	18.1
3.4	3.6
2.0	0.2
12.7	9.9
9.0	35.0

Bank for Reconstruction and Development