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Commission I

National Report – Rapport national – Landesbericht

Finland

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Master of Law, Senior Judge

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Commission I

Agricultural Policy, New Rules of WTO, and Regional Equilibrium

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1. IMPORTANCE OF AGRICULTURE IN FINLAND

Finland is nowadays one of the most competitive industrial countries in the world. Its agriculture, however, must compete in geographically unfavourable circumstances, The northernmost location in EU is the greatest limiting factor for Finnish agriculture, and means an annual growing period of only 180-120 days. These natural conditions are e.g. reflected in yield levels so that they represent only half of those in Central Europe. Finland´s surface area is 338 145 km2, of which agricultural land 22 500 km2 and forest 262 700 km2. The amount of population is 5 228 000 and density 15 persons/km2.

Agricultural production is almost totally based on family farms, the number of units in active farming 72 000 in 2004 and 69 000 in 2006. In average Finnish farm had in 2004 as much as 31.5 hectare arable land and 46 hectare forest. Production structure of agriculture in the whole country is following (year 2004): crop production 58.0 %, dairy cattle 24.5 %, beef cattle 6.5 %, pig 4.8 %, poultry 1.3 % and other 4.9 %. In average there are 19 cows at dairy farms, 42 bovines at beef cattle farms, 410 pigs at pig farms and 5 100 birds at poultry farms.

For Finland, agricultural production represents a small part of the whole economy (3% of GDP and 4% of the labour force). The limited size of the sector is mainly due to the fact that the Finnish climate is sub optimal for agriculture.

During the past 30 to 40 years, the role of agriculture in the Finnish (as well as in other developed countries') GDP has dramatically declined. Share of agriculture from GDP is 3 %. However, the continued existence of national agriculture is an important objective in Finland and in the EU as a means to ensure the viability of rural areas and from the point of view of food safety and the protection of the environment

Finland has an increasing deficit in food trade. The value of Finnish food exports in 2005 totalled EUR 980 million, which is a little over four percent more than in the previous year. Food imports were valued at EUR 2,601 million, which is seven percent more than in the previous year.[1]

2. THE IMPLEMENTATION OF CAP

To maintain a certain level of production under the unfavourable growing conditions, a system of subsidies plays a very important role. For instance, in 2001, subsidies to agriculture and horticulture amounted to EUR 1.7 billion, of which 58% was financed by Finland and 42% by EU. Among all EU member states, Finland's share of national assistance to agriculture is the highest.

CAP payments represent only 28.5 % of the total annual agricultural support while the rest of it is made of co-financed LFA and environmental support, 39.3 %, and national support, 32.2 %. The last one is mainly based on the Finnish Treaty of joining EU. The next table shows the preliminary agricultural support (million euros) in 2006:

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[1] As in most small countries, foreign trade accounts for a marked share of the GDP in Finland. The share of *all Finnish exports* was risen to about 40 per cent of the GDP, but during the last couple of years, however, the share has dropped below 40 per cent. Correspondingly, imports also play a significant role in the Finnish national economy. Finland has become during the past 15 years the most specialised country in information and communications technology in the world, and the same trend of specialisation is continuing. However, the market position of Finland's most important export products has weakened in comparison with their status in the late 1990s.

Support financed by EU		*National support*	
CAP payments	543	Northern support	329
		Support for Southern	97
Support co-financed by EU		Supplement environm. support	55
LFA support	423	Supplement LFA support	120
Environmental support	327	Other national support	13
		Total	**1,907**
		EU contribution	797
		National financing	1,110

Furthermore, when Finland joined the EU in 1995, it successfully negotiated the creation of a new category of the so-called Less Favoured Areas (LFA) in the EU. Today LFA support covers the whole country. Agri-environmental aids play a great role of farms incomes. Additionally, the efforts of Finnish farmers to integrate into the CAP have been supported, starting from the year 1995, by a number of special national aids, based on the treaty establishing Finland´s membership of the European Union. The Commission side, however, has raised the question, whether all of these national aids any more fit into a common framework of CAP. This question concerns especially the transitional aid to southern Finland, as mentioned in article 141 of that accession treaty, which states that this support is about helping producers to achieve full integration into the Common Agricultural Policy. [2] At present (7.5.2007) it seems anyway possible that the existence of this southern aid will be prolonged still with some years.

The situation with regard to so-called northern aid to farmers in Finland's northern regions is different. It concerns areas north of the 62nd parallel and adjacent areas. This support is described as a long-term aid in article 142 of the treaty establishing Finland's membership of the European Union. So there can be no question of abolishing it. The current system clearly addresses one of the stated aims of this northern aid which aim is the maintenance of traditional primary production. Ms Fischer Boel has

[2] Member of Commission Mariann Fischer Boel raised this question 3 August 2006 (in Seinäjoki, Finland)

pointed out that it perhaps has not addressed the second aim to the same extent - improving structures for the production, marketing and processing of agricultural products.[3]

In general can be stated that Finlan´s EU membership from 1995 and reforms of the CAP have influenced Finnish agricultural sector very strongly, as following:

* production concentrates nowadays to larger, more efficient units
* new technology has improved the efficiency and further reduced the need for labour
* agriculture has become increasingly market oriented
* agricultural income of farmers has decreased, share of support in incomes has grown
* working outside the farm has increased

The structural reform of agriculture has been extremely rapid in Finland. As already mentioned, the number of units in active farming declined to about 69.000 farms last year. In 1995 the number of active farms was still over 95.000. The number of farms has been decreasing at an annual rate of over 3 percent, and even faster in animal production. For example, the number of farms specialising in milk production has dropped at an annual rate of almost 7 percent, witnessing Eastern Finland having the largest proportional decline (32%), and Northern Finland the smallest (23%).

As the number of farms has decreased, the average size of farms has grown. Between 1995 and 2005 the average size of farms grew by 44 percent from under 23 field hectares to almost 33 hectares. Approximately two thirds of the increase in farm size has been reached by means of field leasing. In 2005 the leased fields represented approximately 31 percent, or 705.000 hectares, of the total 2.24 million hectares of fields belonging to farms in active production.

Despite rapid structural development, the productivity development of agriculture has been relatively slow. The same input as in 1992 resulted in 13 percent more agricultural production output in 2005. The increase in agricultural productivity has thus been less than one percent per year.

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[3] ibid.

Agricultural income in the agricultural and horticultural sector saw the third consecutive year of negative growth in 2005. The amount of agricultural income generated was a little short of EUR 918 million. This means a decline of approximately 14 percent over the previous year, i.e. a little over EUR 152 million. The decline was caused by higher costs. The rise in oil prices in particular has increased costs in recent years, as it has a direct effect on energy costs, as well as an indirect effect on several other production inputs such as fertilizers. The prices of machinery and construction have also increased at a rate clearly higher than the general inflation rate in recent years.

3-5. MODALITIES OF 20003 CAP REFORM AND THE NON-DECOUPLED PAYMENTS IN FINLAND

Implementation of the 2003 CAP reform started in Finland in 2006. Most of the support funded in full by EU, so-called CAP support, will now be paid through the single payment scheme (SPS). In Finland this scheme is implemented on the basis of the hybrid model. Former CAP-support is converted into payment entitlements which consist of regional flat-rate payment and possible farm-specific top-ups. Certain payments continue to be coupled to the production. Coupled CAP support is applied as farm-specific headage-related payments for bovines, i.e. suckler cows and male bovines, as well as for ewes, and for starch potato and seed of timothy. The CAP support for arable crops is almost completely decoupled from the production.

It is estimated that with its decoupling of the CAP support for arable crops, including compensation for drying, almost completely from the production (i.e. about 90 % of the total CAP support) the reform will in itself lead in Finland to a reduction in the cereal area by 10-20% and further decrease in cereal export. Also is estimated that the set aside area will grow from the present 200,000 ha to 500,000 - 600,000 hectares during the next decade, which will mostly be green fallow because that being condition for getting support. The growing set aside can reduce the production volume up to about 10%. However the set aside land could be used for non-food production, e.g. bioenenergy.[4] Because part of the coupled support has

[4] Heikki Lehtonen, Finnish Agriculture and Rurural Industries 2006, p. 55

been used covering the production costs, decoupled support in SPS can improve and stabilise some farmers' incomes. [5]

The impact analyses made showed that the CAP 2003 reform could lead to a reduction in the production of some products, e.g. beef, and the price level within the EU could rise. In 2005 this really happened in EU. In Finland, where the beef production is 12 % smaller than the domestic consumption, the price for bull's meat rose by 6 % and for cow's meat by 13 %. However in Finland has often seen that the price for beef does not even cover the variable costs, and it is likely that the increase in beef prices alone can´t in future encourage the producers to increase the production and so substitute the falling trend due to the decrease in the number of dairy cattle. That is the main reasons why the selected CAP support based on the number of bulls and suckler cows is justified to ensure that production is continued. [6]

Those estimates seem to have been the cause to use, according to art. 69 of Regulation (EC) No 1782/2003, most of the 10 % of CAP support within the beef sector, able to be left non-decoupled, for the support for suckler cows and heifers of the meat breeds, which would remain much lower than payments to male bovines. Small share of the CAP support for arable crops is paid in the same way for oilseed crops and winter cereals, i.e. rye that is now outside interventions. [7]

The so-called modulation, i.e. 5 % in 2007-2012 according to art. 10 of Regulation (EC) No 1782/2003, being directed to rural development programmes, concerns all amounts of direct CAP payments. If the annual total amount of those payments for a farm is 5 000 euros or less, the in advance made reductions will be returned to the farmer. The modulation applies in 2007 to following CAP payments: single payment, protein crops premium, energy crops aid, starch potato aid, seed aid, ewes (with its additional) premium, bull premium, drying aid for fodder, aid for production of special arable crops, suckler cow premium and slaughter premiums male bovines and heifers

[5] ibid. p. 56
[6] ibid. p.56-57
[7] ibid. 57

6-7. OPINION OF THE RELATIONSHIP BETWEEN THE NEW CAP RULES AND THE WTO AGREEMENT

According to some scientists the Uruguay Round Agreement has even from the Round´s launch at Punta del Este in 1986 shaped and conditioned the development of CAP and then the so-called MacSharry´s reforms of 1992 with the partial decoupling of support for cereal and beef producer. Anyway is clear that the 2003 reform of CAP with the further decoupling of support with the creation of the Single Payment System (SPS) was conditioned by the EU's perception of the pressures it faced in the Doha Round. The hope has been that the SPS will be accepted as a genuine green box scheme of the GATT/WTO Agreement on Agriculture.[8]

There is, however, a threat that EU´s single payment system (SPS) for some part does not fulfil the green box requirement in Annex 2 and its Paragraph 6 of the GATT/WTO Agreement on Agriculture. On the other hand, it seems clearer that at least most agri-environmental measures meet the provisions of in Paragraph 12 of the Annex 2. One just have to hint to the Upland Cotton-case[9] where the US discovered that it could be difficult to shelter decoupled income supports under the mantle of the green box.

The DOHA Round agricultural negotiations

In November 2001, the Fourth Ministerial Conference launched new WTO negotiations, agriculture being now part of the single undertaking. Governments committed themselves in the Ministerial Declaration to a substantial increase in market access, to a possible phasing out of exports, and a cut of trade distorting domestic support. Special and differential treatment for developing countries was made as an integral

[8] Alan Swinbank, Agricultural Subsidies in the WTO Green Box: An Overview of Upcoming Issues from a Sustainable Development Viewpoint. ICTSD Expert Meeting, Montreux, Switzerland, 16-17 April 2007

[9] WTO Appellate Body , case US –Upland Cotton (DS267), Complainants Brazil, Respondent United States, AA Arts. 3.3, 8. 9.1(a) and 10, and ASCM Arts. 3, 5(c) and 6.3(c), Adoption 21 March 2005

part of the negotiations. The ministers also accepted non-trade concerns (such as environmental protection, food security, rural development, etc.) as an issue.

The Agricultural Committee of the WTO suggested in the so-called Harbinson (modality) paper in March 2003 a further increase of market access with duties put into three or four different categories for developed countries or developing countries respectively with rates to be reduced differently. Tariff rate quotas should increase to an average of 10 % of domestic consumption. The Special Safeguard Provisions for industrial countries were supposed to be eliminated. Export subsidies should be eliminated within 5 years for a share of at least 50 % of the aggregate final bound level and the remaining subsidies within nine years. Longer implementation periods of 10 to 13 years were proposed for developing countries. Similarly, 24% resp. 14% over 10 years for developing countries. Export credits and food aid are also part of the negotiations. For domestic support the Harbinson paper recommended a 60 % reduction of the Agregate Measure of Support (AMS) for developed countries and accordingly 40 % for developing countries. For the “blue box” a reduction of 50 % was conceptualised.

USA, having much lower agricultural tariffs than EU, wanted a 90% reduction of highest farm tariffs and an average tariff cut of 66% for developed countries.[10] While the EU has shown to be inclined to raise its initial offer of a 39% average tariff cut to near 50 %, which is close to the G20 countries proposal of 54%, this has been deemed insufficient by the US.[11] According to the agricultural subsidies EU agreed to slash its overall trade-distorting subsidies (OTDS) by 75%, as the G20 group of developing countries were requesting.[12] The US had offered to reduce its

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[10] The US proposal for tariff reductions exceeds the chairman Harbinson proposal from 2003 . In the first stage of application, over five years from 2008, tariffs would be reduced by from 65% to 90%, with the largest cuts for tariffs greater than 60%. This anticipates a more rapid and severe reduction than the EU proposal.

[11] The US also accused the EU of using sensitive products to counterbalance the level of new market access it was offering, because the EU wished to maintain higher protection levels for 8% of its farm products. The EU insists that it is already very open to agricultural exports from the developing world, providing tariff and quota free access to the 50 LDCs through its Everything But Arms system and absorbing more farm goods from LDCs than the rest of the developed world combined.

[12] This would have seen EU OTDS levels reduced from €58.1 billion in actual spending in 2004 to a future cap of around €28 billion.

OTDS by 53%. [13], but the EU and G20 complained that this could actually lead to an increase in US farm subsidies. [14] They demanded minimum cuts of 60% and 75% respectively, but the US refused to give in.

Additionally, in concern of the reduction of domestic support can be stated that the United States (US) has recommended a three-stage approach to the reduction of domestic support with the European Union (EU) having a higher reduction rate compared to the US. The EU has proposed to drastically reduce domestic support by 70% in the form of Aggregate Measure of Support (AMS).

The present situation in Doha Round agricultural negotiations

In June 2006 the Doha Round negotiations were suspended when it became clear that too little progress was being made, particularly on agriculture. The cause for this was especially the impossibility on the USA side to progress on the subject of decreasing enough trade distorting farm subsidies and on the EU and developing countries side because not having enough agricultural market access on the table.

The Doha Round agricultural negotiations stumbling from June 2006 lasted until to the end of April 2007. So it took about ten months to start them again. For the continuing of the negotiations Ambassador Falconer, the chairman of the Agricultural Committee, prepared for the member governments his so-called "challenges" paper, published 30 May 2007, dealing with the central aspects of the negotiations. [15]

In the challenges paper Falconer opined, that a deal on slashing farm tariffs will lie "squarely between the US and the EU positions" given above. Hinting to the G-20 bloc's (including among others Argentina, Brasilia, China and India) proposal of an average cut of about 54 percent for developed countries, he said that an scenario to deliver "an overall cut above 50 percent" is nonetheless is still in play. Developing countries on their part could, in his opinion, "cut tariffs by two-thirds as much as developed countries".

The challenges paper further suggest that the structure of the tariff reduction would be according to a formula, under which developed countries would classify their tariff lines into four bands, with duties on the

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[13] This would have cut its WTO-permitted spending limit from $48.2 billion to roughly $22.7 billion

[14] USA actually only paid out $19.7 billion in such payments in 2005.

[15] The paper is available online at http://www.wto.org/english/tratop_e/agric_e/chair_texts07_e.htm.

most heavily-protected products in the top band - above 75 percent - to be cut most steeply. Here the cut could be “between the EU's preferred 60 percent and the 85 percent cut sought by the USA”, and after this difficult figure will be settled, “ the cuts for lower bands will follow”. Furthermore, some sort of arrangement would have to be made to account for countries with a particularly high proportion of tariff lines in the top band, which would stand to be disproportionately affected by the formula. Here comes into question also the number of sensitive products, on which developed and developing countries will be allowed to make lower tariff cuts in exchange for creating new import quotas. Here Falconer suggests that the 'centre of gravity' is "higher than 1 percent certainly but not above 5 percent", and, additionally, speculated that “ tariff cuts on sensitive products would be somewhere between one- to two-thirds of the standard reduction. “ [16] He also foresaw "an emerging consensus" that greater deviations from the formula should be compensated for by higher tariff rate quota (TRQ) increases.

Concerning the also difficult question of the amount of special products that developing countries alone will be allowed to shield from the full force of tariff reduction on the grounds of food security, livelihood security, and rural development needs, Falconer thought that 5 to 8 percent of tariff lines might be fit for special products. [17]

In the challenges paper Falconer addressed the matter of reducing of agricultural subsidies stating it being " frankly inconceivable, that other Members would agree to the USA' current proposal to drop its ceiling limit on overall trade-distorting support by some 53 % to USD 22 billion in the situation when it actually spends currently USD 19 billion (with spending expected to drop as high prices continue). He opined that agreement would be “somewhere above the very low teens”. [18] EU would have to envision a "cut above 70 %," with a reduction "in the vicinity of 75-80 %" still conceivable, depending on the outcome of other aspects of the negotiations. As for developing countries, Falconer suggested that

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[16] The US, G-20, and Cairns Group of farm exporters had been pushing for 1 percent. At the opposite end of the spectrum, the G-10 group of countries with highly-protected farm sectors wanted 15 percent. The EU, for its part, had proposed 8 percent

[17] The G-33 bloc had demanded even at least 20 percent of agricultural tariff lines to be eligible for special product status. The US had formally sought five, insufficient to cover milk and cream. Falconer also argued that the mandate on special products implies that all should be subject to some degree of tariff reduction - he suggests "somewhere around 10-20 percent." In contrast, G-33 countries have argued for exempting half of all special products from tariff cuts altogether.

[18] He hinted to the G-20's proposal would slash the cap on trade-distorting US farm payments by 75 percent to about USD 12 billion. A cut of roughly 68 percent would be necessary to bring this limit near USD 15 billion.

depending on their existing commitments, these countries would either be exempt from cuts or be allowed to make lower reductions to their more modest subsidies over longer time periods.

According to Falconer´s "working hypothesis", the USA would cut the most heavily trade-distorting 'amber box' subsidies by 60 % cut, and the EU would do so by 70 %. For the other two components of the OTDS (overall trade-distorting support) in developed countries, he suggested that the cap on "de minimis" spending (currently 5 % of the value of production) could be cut by at least 50 %, and that on 'blue box' payments reduced from 5 % to 2.5 % of production. He also proposed compromises for reconciling the 1995-2000 base period that most Members prefer for making these calculations and the 1999-2001 period the USA wants because its spending levels were much higher. Additionally Falconer explored e.g. various options for limiting subsidy spending on specific commodities, or for preventing payments from being concentrated on a handful of products.

In addressing the issue of agricultural export subsidies, the abolishing of which seems to be possible, Falconer noted that the delay in concluding the Round could complicate the 2013 deadline for these subsidies. Positing the start of 2009 as a possible date for the entry into force of a Doha agreement, he suggested that countries could frontload export subsidy cuts by eliminating half of them by the end of 2010, and phase out the remaining 50 percent over the next three years.

So, the outcome of the Doha Round negotiations concerning agriculture is still (7 May 2007) uncertain. If the countries, hopefully, seek now to conclude the negotiations around the end of this year, it would be likely that a framework agreement on subsidy and tariff cuts must be before August.

Current Impact of Doha Round negotiation into CAP

Even without a near coming agreement there seems to become further reforms in CAP. According to Commissioner Fischer Boel speech from August 2006 EU has to keep up the work of implementing the CAP reforms agreed in 2003 and more recently. Some of the national models created to apply these reforms are complex. Commission also intends to press on with further reforms. In 2008 will be also conducted what she calls a "CAP health check". This check will be about ensuring that the CAP is working as it should, and simplifying things where this is possible. There can not be ruled out even further significant change to the CAP beyond 2013. The pressures of global trade are “simply too mighty to be ignored” and EU has to respond competitively. So Ms Fischer Boel expects to see further decoupling of public aid from production, an even stronger emphasis on the environment, and further transfers from direct payments to funding for rural development.[19]

8-10. INFLUENCE OF WTO-RULES TO GOVERNMENTS CHOISES IN THE NATIONAL IMPLEMENTATION OF NEW CAP RULES, AND THE INFLUENCE EXPECTED FUTURE DOHA RULES HAVE ON IT

Although Finland's market itself does not play any significant role in agricultural markets in EU or in larger markets we are fully aware of the incoherence of the potential impact of current norms of agricultural trade for free trade of these products. However, the liberalisation of agricultural trade and the following evolution of the EU’s common agricultural policy has caused and will further on cause difficulties for the Finnish agriculture and food production. This has led to fewer jobs and production in those sectors, as well as continuing decline of share of agriculture of total production.

So Finland would at any in future be facing challenges in conforming to the possible outcome of Doha Round. Finnish agriculture is dependent on protection and subsidies and wants to preserve in the best way current rural demography. Finnish agricultural production consists mainly of cereals, dairy products and sugar. These are alongside with beef the most vulnerable sectors in Finland to be affected in case there will be a new WTO agricultural agreement. It seems evident that there would be elimination of export subsidies and a substantial reduction of import tariffs. Finland with its high cost agricultural production will be under special difficulties in the quest to fulfil new possible commitments under the WTO, when obviously producer prices and agricultural income in Finland will decrease further.

Particular subjects of concern for Finnish producers could be the tariff cuts

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[19] Member of Commission Mariann Fischer Boel raised this question 3 August 2006 (in Seinäjoki, Finland)

for butter, beef and poultry meat, and sugar. Severe cut in tariffs plus phasing out of export subsidies would pose considerable problems especially for the Finnish dairy sector. Market prices for milk in Finland would drop and the income of dairy farmers would decline. The dairy sector is the largest and most important agricultural sector in Finland, accounting for about half of the return on agricultural production. (The above information is found in the annual report Finnish Agriculture and Rural Industries 2006 by MTT Agrifood Research Finland.)

11. EFFECTS OF THE PARTICIPATION OF THE EC INTO THE WTO ON REGIONAL EQUILIBRIUM INSIDE THE EC AREA

The answer is dependent of the angel of vision to be taken. For a small country as Finland free trade and further opening of world markets of industrial goods is essential. On the other hand our agriculture has had even from the beginning of the EU membership great difficulties. The CAP has during the Finnish membership been under constant pressure from the influence of Uruguayn Round Agreement's implementation and the ongoing Doha Round. For Finland the most significant problem in EU:s common agricultural policy has been its inability to consider sufficiently our special nordic circumstances. The Finnish agriculture which is very much dependent on subsidies is and will further on be in an especially vulnerable situation.

Although Finnish farmers have been worried over the outcomes of a possible new agreement, the failure in Doha Round negotiations, however, from a broader perspective seen can not be in the long run fruitful for any part of the global economy. So a new agreement, at least modest, should be reached.

12-17. POSSIBLE REGIONAL ORGANISATIONS AND INTEGRATIONAL, COOPERATIONAL OR BI:LATERAL AGREEMENTS RULING AGRICULTURAL TRADE AND AFFECT OF THEM TO CAP AND NATIONAL CHOISES, AND TO TRADE OF THE STATE WITH DEVELOPING OR LESS DEVELOPED COUNTRIES

Finland is not a party to any above mentioned organisations, agreements or similar. As a EU Member State Finland has or should have none bilateral agreements concerning agricultural products with third countries. Before joining EU Finland had agreement on agricultural products with Austria, Norway, Sweden and Switzerland.

More largely taken, herein may be noted concerning EU´s policy that European Trade Commissioner Peter Mandelson has said in September 2006 that while reviving the Doha talks remains the priority, he also wants to press ahead with possible free trade negotiations with South Korea, ASEAN and India if the Commission gets a mandate from EU member states. EU trade experts have increasingly focused on Asia where the bloc has no regional or bilateral agreements and where the United States and Japan have recently made moves. Though attention turned to bilateral deals after the Doha round of multilateral trade talks stalled in July following five years of negotiations, bilateral trade deals seems not to be in the interests of anyone, as EU President Finland said in September 2006 the Finnish Finance minister Eero Heinäluoma.[20]

Agricultural Commissioner Mariann Fischer Boel had even earlier emphasized (3 August 2006) that the multilateral system is by far the most effective tool for creating and spreading the benefits of trade. Bilateral trade agreements can take us forward in small individual steps; but these steps cannot add up to the huge leaps which become possible when all WTO members are at the table, discussing all relevant issues. [21]

Here can also be noted that Finland has eight bilateral investment protection agreements signed with Belarus, China, Egypt, Malaysia, Russia, Sri Lanka, Ukraine and Uzbekistan before Finland joined the EU in 1995. According to the EU Commission, the agreements contain clauses that allow the free transfer of assets that are related to the investments between the contracting parties. In the EU, only the council of ministers has the right to make agreements on capital transfers between the EU and countries outside it.[22]

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[20]This is according to a news 8 September 2006 HELSINKI, Reuters. This happened during the period of the Finnish Presidency in EU. Because of those ideas had the Finnish Finance Minister Eero Heinäluoma told reporters: "There are now discussions about bilateral agreements in world trade and I suppose from the European point of view, one would say that this is not in the interests of Europe or the (rest) of the world., He had added that "There is really the need for a new (attempt) to end satisfactorily the Doha round."

[21] Member of Commission Mariann Fischer Boel raised this question 3 August 2006 (in Seinäjoki, Finland)

[22] According to news bureau STT, Finland, 7 March 2007, Commission takes Finland to EU court over investment deals: The Finnish government said in a statement Wednesday that the European commission had brought legal action against Finland. The commission's writ concerns those bilateral agreements. They would be irksome if the EU decided to impose sanctions, like those banning currency transfers, on any of the countries in question. Finland was required to give its response to the European Court of Justice by the middle of April.

19. THE ROLE OF FINLAND IN PROPOSALS FOR THE NEW ROUND OF MULTILATERAL NEGOTIATIONS, IN ORDER TO REFORM SOME PARTS OF THE AGREEMENT ON AGRICULTURE.

On a number of occasions Finland has declared that it would like to see a different CAP. The Finnish position is that the CAP should increasingly aim at creating equity among EU members. In other words, Finland believes that the support system should be based on the needs of farmers instead of production volume in order to compensate for the different conditions in various regions. It also advocates a shift of emphasis from the traditional commodity support policy to rural development. Additionally, Finland would like to increase the incentives for environmentally sustainable production

I think that Finland has played a rather moderate role in proposals for the Doha Round agricultural negotiations. Perhaps this can be characterised by positions taken by Finnish ministers of Foreign Trade. The Finnish Government has on the one hand emhasized that it “fully supports developing countries policies to integrate into international trade” and on the hand hinted to the fact that “the European Union has conducted a historic reform on the Common Agricultural Policy and EU finalised a significant reform also in the sugar sector, as well as revised the domestic support regime and made it minimally trade distorting”. Additionally has been pointed out that “northern farmers, such as in Finland, operate in difficult natural conditions”.[23]

Also has been emphasized that adjustment can never be easy. Finland has strongly supported the Aid for Trade initiative, which is being developed on the side of the Doha negotiations and is directed to strengthen the trade capacity of poorest countries. [24]

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[23] Ms Mari Kiviniemi, Minister for Foreign Trade and Development, at the WTO Ministerial Conference in Hong Kong 16 December 2005.

[24] Intervention by Ms Paula Lehtomäki, Minister for Foreign Trade and Development of Finland, at the OECD Forum Panel on WTO/DDA on May 23, 2006, in Paris