

Executive Summary: Finland-U.S. Economic Deep Dive 2023

Amcham Finland's supplement to the *Transatlantic Economy 2023* report provides a comprehensive overview of the current state and future opportunities of the Finland-U.S. economic relationship. The report's third annual iteration covers several critical topics, including the digital economy, the sustainable energy transformation, and addressing dependencies on China.¹

The report includes contributions from:

Jukka Salovaara, Permanent State Secretary, Ministry for Foreign Affairs, Finland

Douglas T. Hickey, U.S. Ambassador to Finland

Okko-Pekka Salmimies, Consul General, Ambassador, Consulate General of Finland in Los Angeles

Alexandra Pasternak-Jackson, CEO of Amcham Finland

Joseph P. Quinlan, Senior Fellow at the Transatlantic Leadership Network
Juho Kostiainen, Economist at Nordea

Rosa Thurman, Director of Sustainability and Foreign Affiliate Services at Amcham Finland

Mike Klyszeiko, Director of Launchpad USA at Amcham Finland

Key findings

Finland thrives in the transatlantic partnership.

- **The U.S. has surpassed Sweden as Finland's largest trading partner.** Finnish goods exports to the U.S. grew 68% year-on-year, while services exports grew 9.7%. The extraordinary growth in the trade of goods was driven by high export prices, high export volumes in forestry and biofuels, and a billion-euro cruise ship delivery. Finnish service exports to the U.S. totaled €6.5 billion in 2022, representing 20% of Finland's total service exports.
- **The U.S. is the second largest source of FDI to Finland.** Finland has more than doubled its net FDI inflows from the U.S. since the 1990s.
- **Finland ranks as the most advanced digital economy in the EU, on par with the U.S.** Global spending on digital transformation is forecast to reach \$3.4 trillion over the next three years. Harnessing this momentum through policies that support innovation will be critical for mature digital economies like Finland.
- **The drive towards "friend-shoring" and addressing dependency on China is an opportunity for Finland.** China accounts for 98% of rare earth imports to the EU. Finland is part of the Minerals Security Partnership launched in 2022, which has declared its intent to form a supply chain bloc for critical materials, excluding China.

¹ The Transatlantic Economy Report 2023 draws from U.S. government data, while the Nordea analysis uses data from the Finnish government. Discrepancies between the two are expected.

The transatlantic economy remains resilient through unprecedented crises.

- **The \$7.1 trillion transatlantic economy employs 16 million workers on both sides of the Atlantic** and represents close to one-third of world GDP in terms of purchasing power.
- **2022 was a record-breaking year for transatlantic trade.** Goods trade between the U.S. and Europe reached an all-time high of \$1.2 trillion. U.S.-EU trade reached \$909.5 billion — 25% higher than U.S.-China goods trade. The U.S. and Europe are also each other's largest service markets.

Foreign affiliates power the transatlantic economy and global R&D, but their investments cannot be taken for granted.

- **Foreign affiliates are the foot soldiers of the transatlantic partnership.** Together, FDI and foreign affiliate sales are the most accurate metric of the transatlantic economy. U.S. FDI totaled \$235 billion in 2022, the second strongest year on record, despite Europe's energy crisis.
- **Foreign affiliates drive global R&D.** U.S. affiliates spent \$31.6 billion on R&D in Europe in 2020. European affiliates spent \$71.4 billion in the U.S. in 2020, accounting for approximately 54% of total foreign U.S. R&D investment. Of the top 20 transatlantic R&D spenders, 11 are Amcham Finland members.
- **U.S. and EU companies are driving the green energy revolution.** European companies in the U.S. are the leading source of energy sector FDI. U.S. companies account for more than half of the long-term renewable energy purchase agreements signed in Europe since 2007. Six of the top 10 purchasers of renewable energy in Europe between 2008-2021 are Amcham Finland members.
- **Still, these investments cannot be taken for granted.** Manufacturing jobs in Europe have plateaued since 2000, and the 2017 overhaul of the U.S. tax code has prompted more U.S. companies to keep their investments at home. Calls for increased "digital sovereignty" in Europe are raising fears of entrenched protectionism.

From R&D to digital developments, there is tremendous opportunity for growth in the U.S.-Finland economic relationship.

"The economic relationship between Finland and the United States of America has proven to be incredibly resilient in the face of the dramatic volatility that has shaken the world.

Despite supply chain disruptions, ongoing pandemic uncertainties, dramatic energy shifts, high inflation, Russia's war against Ukraine, and geopolitical tensions, the key drivers of the transatlantic economy and relationship posted strong results in 2022. The transatlantic relationship has never been more vital or more necessary."

Alexandra Pasternak-Jackson, CEO of Amcham Finland

AmCham EU and the U.S. Chamber of Commerce in Washington D.C. published an EU-focused [Transatlantic Economy 2023](#) report on 22 March 2023. Amcham Finland is a co-sponsor of the report. Amcham Finland has published a Finland-focused supplement to the report since 2021.