



**CELIS**

**CELIS Country Note**

**on**

**Finland, 2025**

**by**

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## Abstract

Finland has a continuous tradition in the field of foreign investment screening that goes back to the 1940's. The current FDI Screening regime is based on the 2012 Act of the Screening of Foreign Corporate Acquisitions (2012/172). As can be derived from the name of the Act, the screening targets only foreign corporate acquisitions. Greenfield investments are not in the scope.

The objective of the screening is to ensure that certain key national interests are not endangered due to a foreign investment. The scope of the mechanism is relatively wide, generally without strict binding sector specific listings. Acquisitions targeting defence industry companies or companies that are critical in relation to statutory duties of Finnish Security Authorities are always subject to mandatory ex-ante screening. In addition, acquisitions where the target company is critical in terms of securing other functions vital to society are subject to voluntary notification. The definition of foreign investor varies in accordance with the target company's security relevance. Defence industry acquisitions are subject to screening regardless of the investor's home country. Other foreign corporate acquisitions are subject to screening only when the investor is domiciled outside the EEA/EFTA. There is no monetary threshold for transactions subject to screening. The screening mechanism co-exists with certain other regulations. Most notably the screening of foreign real estate acquisitions that targets non-EEA buyers.

This Country Note briefly describes the historical process that has led to the current FDI screening mechanism in Finland. Second, it gives a brief introduction to the legislation in force, focusing on its most important features. Finally, this country note takes a closer look on the forthcoming reforms.

## Author

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# CELIS Country Note on Finland, 2025

Lasse Puroma

## 1. Political and Economic Background

### 1.1. Comprehensive Security

The FDI screening is closely linked to the Finnish preparedness model under the concept of comprehensive security. The objective is that during crisis, the entirety of Finnish Society (authorities, businesses, NGOs, and citizens) can rapidly mobilize resources where needed, recover quickly, and adapt its functions based on lessons learned. The roots of the concept are in the post-WWII doctrine of Total Defence, where the entire society is mobilized as part of a military defence effort.<sup>1</sup> The comprehensive security baseline is described in the security strategy for society which is updated regularly. The strategy includes seven basic functions that are vital for society. These functions are Leadership, International and EU activities, Defence capability, Internal security, Economy (including infrastructure and security of supply), Functional capacity of the population and services and finally psychological resilience. In theory any company that is considered to be critical in securing any of these vital functions can be subject to screening, but not all companies operating in the vital sectors are without exception defined as target companies for screening. The emphasis of the screening has been on companies that are critical in relation to Defence capability, Internal security, Economy, infrastructure and security of supply and Functional capacity of the population and services. In short, the screening has focused on defence capabilities and wider security of supply considerations.

### 1.2. Security of Supply

The Finnish security of supply model is based on co-operation between the administration and the business community. Certain companies that take part in the co-operation process can be assessed to be security of supply critical and hence targets of screening. The general objectives of security of supply are established by the Finnish Government.<sup>2</sup>

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<sup>1</sup> Security strategy for society – Government resolution 2025

<sup>2</sup> Government decision on the objectives of security of supply 2024

Traditionally, security of supply has meant ensuring the supply of basic physical materials and critical goods. Currently the focus of security of supply operations is being increasingly shifted towards ensuring the operating capability of critical infrastructure.<sup>3</sup>

The FDI screening in Finland is strictly security based. Industrial or economic policy objectives are not taken into account. However, from a wider economic security perspective the foundation for security of supply is established through economic and industrial policies. A competitive industrial base is a prerequisite for security of supply as is stated also in the government decision.<sup>4</sup> The economic and security policy objectives are getting increasingly linked and intertwined also because private sector takes care of major parts of critical infrastructure that underpins many functions vital to society. Targeting these companies as subjects of screening is based on their role as security of supply critical entities.

### *1.3. International (Economic) Relations*

Finland has been member of the EU since 1995 and a member of the OECD since 1969. Finland's long history of military non-alignment ended in 2023 when the country became a NATO member. Strong national defence capability is now connected to NATO deterrence and defence. Finland's current foreign and security policy is founded on value-based realism. Finland supports strongly a rules based international order including the WTO framework and works to strengthen international law.<sup>5</sup>

Finland as a small open economy is significantly exposed to global financial and economic conditions. Although Finland is lagging other EU countries regarding the share of export to GDP,<sup>6</sup> the risk of securitization and weaponization of trade relations and global value networks<sup>7</sup> is imminent in the Finnish context and has highlighted the need for FDI screening. Finland is heavily dependent on foreign trade and on foreign inputs, making it vulnerable to disruptions in trade. In addition, Finland is geographically practically an island since the vast majority of imports and exports in goods are carried through the Baltic Sea. These characteristics must be considered when assessing the Finnish FDI screening mechanism. Also, the need to manage security risks stemming from economic dependencies and competition in disruptive

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<sup>3</sup> NESAs Web page

<sup>4</sup> Government decision on the objectives of security of supply 2024

<sup>5</sup> Government report on Finnish foreign and security policy 2024

<sup>6</sup> Oinonen&Viren 2022. Why is Finland lagging behind in export growth?  
BoF Economics Review 5/2022

<sup>7</sup> Farrel & Newman Weaponized Interdependence. International security 4/2019

technologies is well noted in the latest Government report on Finnish foreign and security policy.<sup>8</sup> and reflected in FDI screening as well.

#### 1.4. History

Finland has a long history with foreign investment controls. The first legislation in the field was introduced in 1939. Finland never fully repealed cross-sectoral investment controls and kept the controls in place also after the country's integration to OECD investment codes and the EU legislative framework of internal market and external economic relations. For long Finland was the only Nordic country with a comprehensive investment screening mechanism, but recently other Nordic countries have introduced robust investment screening mechanisms with scopes extending beyond the Finnish FDI Regime.

##### 1.4.1. Restriction Act

The Act on the rights of foreigners and specific societies to own and control real estate and shares was adopted in 1939. This restriction act targeted primarily mineral and forest resources and certain strategic companies that were mostly domestic defence and munition producers. The government had the power to prohibit the transfer of company shares to foreigners if public interest so required.<sup>9</sup> The restriction act was amended several times but was not repealed until 1992. Nevertheless, the scope to block investments that were considered harmful for national interest was narrowed down to issues of national defence, prevention of severe adverse economic or social or environmental impacts and guaranteeing public order and safety.<sup>10</sup>

##### 1.4.2. Screening Act

The introduction of the Act on the screening of foreign acquisitions in 1992 was a step towards more modern investment screening mechanism. It was notable that Finland in the post-cold war environment did not repeal the legislation contrary to the policy choice of other Nordic countries. The screening act was not used frequently and was replaced with the current legislation in 2012.

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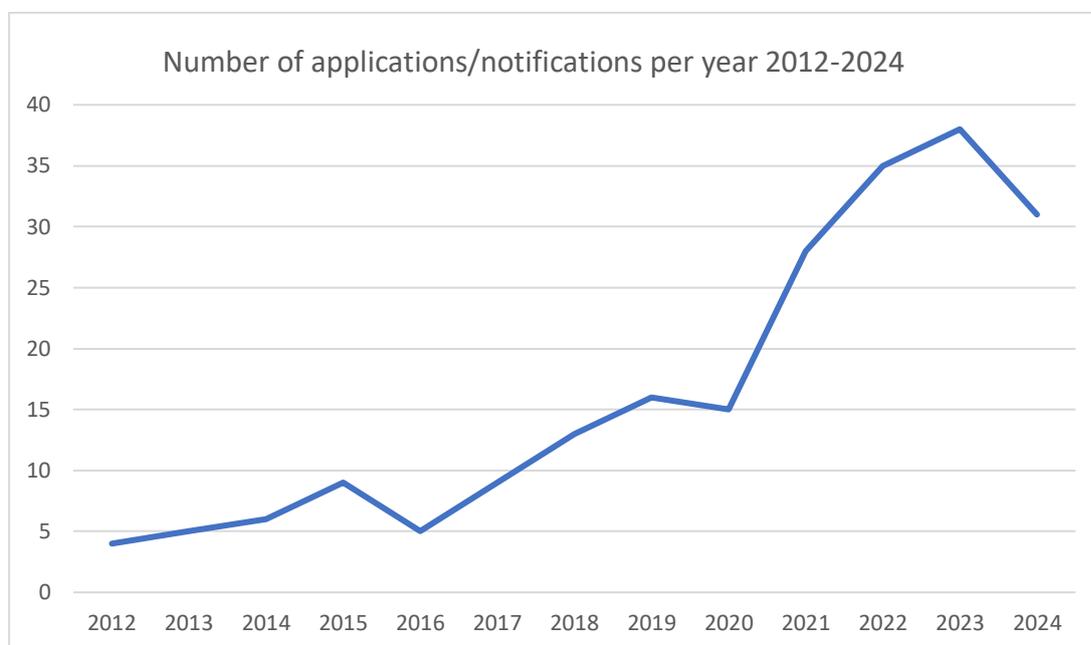
<sup>8</sup> Government report on Finnish foreign and security policy 2024

<sup>9</sup> Rajavuori 2024, 24

<sup>10</sup> Rajavuori 2024, 25

### 1.5. FDI Trends

The Ministry of Economic Affairs and Employment has compiled statistical data on the screening of foreign corporate acquisitions in its annual reports.<sup>11</sup> The trend of filed applications has been rising, but in 2024 the number of received applications decreased by 18 %. In 2024, 159 foreign corporate acquisitions were carried out in Finland, which is 14 acquisitions less than in 2023, when 173 acquisitions were carried out. The number of screened acquisitions generally follows the total amount of foreign corporate acquisitions, but in recent years also the number of screened acquisitions in relation to the total amount of foreign corporate acquisitions has increased from 11% in 2021 to 19% in 2024.



Source: Ministry of Economic Affairs and Employment of Finland - annual report 2024

## 2. The Screening Mechanism

The screening of foreign investments in Finland is based on the Act on the Screening of Foreign Corporate Acquisitions (172/2012). It evolves around the concept of key national interest, which forms the basis for restrictive actions. The targets for screening are defined quite loosely, mostly without detailed sector specific listings. The foreign investors are defined as foreign owners. The foreign owner is always responsible for initiating the screening process. A majority of acquisitions in the scope of the act are subject to mandatory ex-ante screening.

<sup>11</sup> MEAE webpage: <https://tem.fi/en/acquisitions>

In addition, some acquisitions are subject to voluntary notification that can be done ex-post. The Ministry of Economic Affairs and Employment oversees the process and must confirm the screened acquisition unless key national interest would be endangered. The Ministry has call-in powers regarding acquisitions that are subject to voluntary notification. The scope of application is guided by Government documents. In particular, the Government Decision on the Objectives of Security of Supply and the Security Strategy for Society. In practice, the scope of the screening is relatively wide but the threshold to restrict foreign influence in the target companies is high. This is reflected in the public decisions that do not include any denials.<sup>12</sup>

### 2.1. Approach

The law applies to corporate acquisitions only. Greenfield investments or asset acquisition are not in the scope. In exceptional cases greenfield investment projects can in theory be subject to screening if the investment scheme also includes an acquisition where the acquired entity is defined as target of the screening. The guiding principle for screening is a positive attitude to foreign investments. It is widely recognized that foreign investments are extremely important for economic development. However, under certain circumstances foreign investments may contain security risks that must be controlled or mitigated with proper tools. The FDI Screening Authorities can exercise control over the ownership of companies considered essential in terms of the security of supply and national security and, if necessary, restrict foreign ownership in such companies. Restrictions are not applied without specific grounds.<sup>13</sup>

The purpose of the law is defined in the first section of the Act and it is to “*screen, and, should a key national interest so require, restrict the transfer of influence to foreign nationals and foreign organisations and foundations in companies that are subject to screening.*”<sup>14</sup> Key national interest is a crucially important concept in the legislation, since it defines when interference to a transaction by the officials is possible, either by restrictions or by mitigation measures.

In section 2 of the Act, key national interest is defined to include:

- National military defence
- Functions vital to society
- National security

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<sup>12</sup> The latest public decisions are available on the MEAE website.

<sup>13</sup> MEAE website

<sup>14</sup> Act on the Screening of Foreign Corporate Acquisitions (172/2012).

- Foreign and security policy objectives
- Security and public order (as defined in the TFEU).<sup>15</sup>

The five concepts underpinning key national interest are not further defined, but the government proposals provide some guidance. For example, functions vital to society includes the objective to safeguard critical infrastructure and security of supply. Foreign and security policy objectives include transactions that could lead to illegal transfer of technology subject to export control from Finland to foreign countries. National military defence should be understood in a wide context, where also supporting functions can be critical in addition to production and supply of pure military items.

The definition of key national interest was expanded in the 2020 amendment process by including functions vital to society, national security, and foreign and security policy objectives. The trigger for a wider and more precise definition was in the changing security environment.

The concept of *key national interest*, instead of just national interest, describes the high threshold to interfere in the screened transaction. The concept also elucidates some critical factors of the target company that should be considered by foreign investors. Foreign investors should assess the relevance of the target company in relation to the five components of key national interest.

## *2.2. Scope of the Screening – Defining the Targets*

The scope of the screening can be divided to three broad categories:

1. Defence industry acquisitions.
2. Security sector acquisitions.
3. Other security of supply relevant acquisitions.

Defence industry companies are defined as companies that produce or supply military items, dual-use items or other items/services that are essential for national military defence. This definition is relatively clear regarding companies that produce items on the common list of dual-use items subject to export controls and Common Military List. Other items or services that are essential for a national military defence entails a broad definition where the relevance of the target company depends on its relation to the National Defence Forces or in some cases on

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<sup>15</sup> The Treaty on the Functioning of the European Union, Articles 52 and 65

the targets position in a supply chain where the final product is highly critical to national military defence.

Regarding security sector acquisitions, authorities essential to the security of society are not defined in detail in section 4. However, the government proposal gives some examples like Border Guard, Transport and Communication Agency, Police, and National Emergency Supply Agency. Central in the definition of a security authority is that the authority has to be responsible for a task based on law related to safeguarding the country's security or public order.

Other foreign corporate acquisitions are according to the section 5 subject to voluntary notification that can also be done ex-post. The scope of section 5 acquisitions includes companies that are considered, when assessed as a whole, critical in terms of securing functions vital to society.

The government decision on the objectives of security of supply is an essential document when assessing the scope of the section 5. Common examples of critical companies are found in sectors like production and distribution of energy, basic financial services, or transport infrastructure. Critical infrastructure is often a common denominator in section 5 acquisitions, but critical infrastructure can be essential for national military defence and security authorities as well. It is possible that a single acquisition falls in the scope of section 4 (defence industry and/or security sector) and section 5 (other acquisition) at the same time.

The concept of acquisition is not exhaustively defined in the legislation. All transactions that involve a purchase of at least 10% of shares in the target company or contribute to corresponding actual influence are in the scope of the Act. In addition, an acquisition of a business unit is in the scope of the Act. Monetary thresholds are not applied.

### *2.3. Foreign Investor – Who is Screened*

The foreign investor is defined as a foreign owner when the investor acquires at least one tenth, at least one third or at least one half of the total number of votes conferred by all shares in the company, or a corresponding actual influence over the company subject to screening. The definition of foreign owner differs depending on the nature of acquired target. In defence industry acquisitions all investors domiciled outside Finland or domiciled in Finland with at least 10% of foreign ownership are considered to be foreign owners. In security sector acquisitions

and other acquisitions targeting critical companies outside the defence sector only investors outside the EU/EFTA-area are defined as foreign owners. This choice emphasizes the importance of defence industry companies in the national screening procedure, where also intra-EU/EFTA-area transactions are seen to have possible security implications.

The ownership structure of the foreign buyer is examined carefully with an emphasis on ultimate and beneficial owners. The 10% threshold is applied through the whole ownership structure. The objective is to clarify which entities have actual influence and the ability to control the target company or the ability to effect on crucial decisions regarding the target company. Arrangements that confer powers that differ from the shareholder rights that are given in accordance with the Limited Liability Companies Act are also taken into account.

#### *2.4. Approval, Conditional Approval, and Prohibition*

The Ministry must confirm the acquisition unless it would endanger key national interest. According to section 5b, the Ministry may also impose conditions in its decision. The conditions are generally used in situations where the screened acquisition would likely endanger key national interest, but where the acknowledged risk can be addressed with specific mitigation measures. The scope of the imposed condition is not further defined, but the conditions must be necessary for the acquisition in order to safeguard a key national interest. In practice the Ministry has wide discretionary powers to decide appropriate conditions case by case. The government proposal gives some examples of possible conditions, like excluding certain critical functions from the acquisition or assuring the continuity of certain critical services to defence or security officials.

If key national interest would be considered to be endangered because of the screened acquisition, and the risks could not be controlled with mitigation measures, the Ministry would refuse to confirm the acquisition in accordance with section 7 of the Act. Before imposing the decision regarding the denial of confirmation, the Ministry must refer the matter to a government plenary session for consideration. This is an obligatory procedure every time the screened acquisition is considered to endanger a key national interest. The government plenary session is the highest political decision-making level inside the government. The Ministry may also refer the matter to the plenary session in cases where key national interest would not be considered to be endangered, but it is considered important to handle the case at the plenary session. The mandatory utilization of the plenary session in cases where denial

of confirmation is a plausible option emphasizes the exceptional nature of denial decisions and the political relevance addressed to these decisions.

If the application for approval is denied, the foreign owner must dispose the shares in the limited liability company to less than one tenth. If the acquisitions concern the transfer of actual influence to a foreign owner in an enterprise other than a limited liability company, or concerns a business acquisition, agreements on the acquisition of influence or of a business undertaking will be dissolved.

According to section 5c of the Screening Act the Ministry may decide that an application or notification is inadmissible if it considers that the corporate acquisition does not fall within the scope of the Act. In practice the Ministry can issue an inadmissibility decision if the acquired company subject to screening is not considered fulfilling the definition of target company.

### 3. The Screening Process

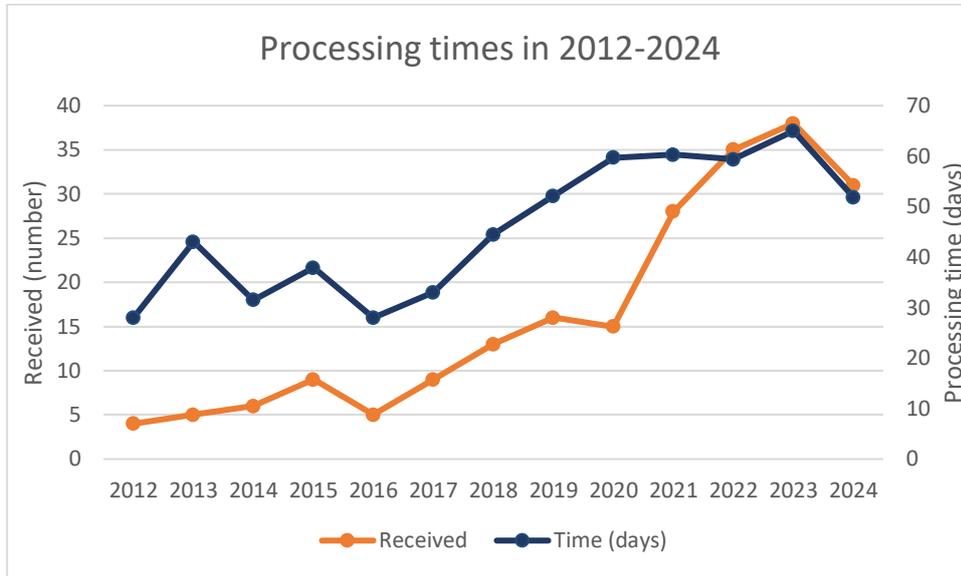
The Ministry of Economic Affairs and Employment leads the screening process. The process includes a review done by the national FDI screening network, which is chaired by the Ministry. The mandatory review process is based on requirements set out in the section 3 of the Screening Act, which states that the Ministry shall obtain statements from other authorities to the extent deemed necessary. It is common that the Ministry obtains statements from several authorities. The relevant authorities that have been consulted in a specific case are usually mentioned in the final screening decision.

The screening decision is subject to judicial recourse in accordance with the national Administrative Judicial Procedure Act.

Regarding defence and security sector acquisitions there is no pre-defined time limit for the duration of the screening process. This in contrast with the screening of other foreign corporate acquisitions in accordance with section 5 of the Act where time limits are applied. Section 5 states that other corporate acquisitions will be considered confirmed if within six weeks, the Ministry does not decide to undertake a further examination or within three months does not propose that the matter be referred to government plenary session. This procedure does not apply to defence and security sector acquisitions.

The average processing time of an application or notification varies case by case depending on how comprehensive investigation is needed. The average processing time in 2024 was 52

days. The number includes cases that were not in the scope of the Act, and which are generally processed faster.



Source: Ministry of Economic Affairs and Employment of Finland - annual report 2024

### 3.1. Information Requirements

There is no fixed format for the application or the notification, but it must include key information about the entity subject to screening, foreign owner and corporate acquisition necessary for confirming the corporate acquisition. In practice this refers to detailed information about the target, e.g., why the acquired company is considered to be target of screening, branch of industry and other basic information (field of business, product range, market position). Detailed description of goods and services relevant for the screening process is important as well as possible contractual relations with relevant authorities, especially commitments with defence and security sector officials. The funding of the acquisition and other approval processes (like FDI Screening in other countries and merger review) are necessary to disclose as well. The investor must be prepared to address questions regarding their intentions following the completion of the transaction, such as how the target company guarantees future deliveries to the Finnish Defence Forces under the new ownership.

Special emphasis is given on the ownership structures. It is recommended to disclose a description of the current ownership structure of the investor including the parent company, and the largest individual shareholders and their domiciles if they own at least 10%. The

ownership structure should be given in a diagram form. Detailed guidance can be found from the Ministry's webpages.<sup>16</sup>

A fee of EUR 8,000 will be charged for the processing of each application for confirming a foreign corporate acquisition based on the decree of Chargeable Performances of the Ministry of Economic Affairs and Employment (615/2023). A fee of EUR 1500 will be charged for inadmissibility decisions.

#### 4. The Way Forward – how Finland is Reforming the FDI Screening Framework

On 5<sup>th</sup> of February 2025 the Ministry of Economic Affairs and Employment published a memorandum on Reforming the Act on the Screening of Foreign Corporate Acquisitions.<sup>17</sup> The memorandum evaluates the need to legislative changes in light of the changed security environment and developments in EU legislation. The memorandum gives guidance to a working group that is tasked to reform the Act. The objective, stemming from the current Government Program, is that risks to national security, security of supply and wide-ranging influence activities should be taken into account more effectively in the FDI screening process. The working group will be responsible for creating the actual legislative proposal.

The Memorandum points out several possible areas where change could be necessary. First is the expansion of the scope for screening. There is a proposal to merge Section 4 (defence & security acquisitions) and section 5 (other acquisitions) into a single mandatory pre-approval procedure as well as consideration of eliminating the voluntary notification procedure, which currently applies for section 5 acquisitions. This would mean ending the different treatment of investments based on the sector of the investment. Defence, security and other (section 5) investments would be treated equally.

Second. inclusion of EU/EFTA investors investments regardless of the sector in the mandatory screening process is proposed. This would mean ending the formally different treatment of foreign investors based on the sector of the investment.

Third. Sectoral Coverage and Critical Sectors should be re-evaluated. Proposed sectoral coverage includes sectors such as energy, water supply, transport, telecommunications, media, cybersecurity, AI, quantum technology, biotechnology critical infrastructure and service

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<sup>16</sup> MEAE Web site: <https://tem.fi/en/acquisitions>

<sup>17</sup> VN/15267/2024 5.2.2025 TEM045:00/2024

infrastructure. Some of the sectors above are currently under screening extensively, but some are only in a limited form, if at all.

Fourth. Screening of certain Greenfield Investments could be introduced. New company establishments in critical sectors could be brought under scrutiny. The memorandum mentions examples of possible sectors where the screening of foreign greenfield investments might be needed. These are mining, battery industry, ports and pharmaceutical production.

Finally supply chain impacts should be addressed more effectively. The memorandum highlights the need to consider also indirect supply chain impacts and the role of critical subcontractors in the value chain. However, the lack of visibility and complexity of supply chains are seen as a challenge for expanding the screening process towards supply chain impacts.

If implemented, the proposed reforms would take the Finnish FDI Screening Regime at least a bit closer to the models adopted by the other Nordic countries. Particularly the introduction of additional sectors for screening, including in Greenfield investments, would be a change compared to the current somewhat technology neutral approach. However, it remains to be seen whether the reforms will produce a significantly different scope for screening or just a more detailed categorization of the screened sectors.

## Annex 1: Relevant laws, ordinances, regulatory guidelines

### Laws

- Act on the Screening of Foreign Corporate Acquisitions (172/2012)
- Act on the Control of Exports of Dual-Use Goods (500/2024)
- Act on the export of defence materiel (282/2012)
- Administrative Procedure Act (434/2003)
- Administrative Judicial Procedure Act (808/2019)
- Act on Transfers of Real Estate Requiring Special Permission (470/2019)

### Ordinances

- Decree of Chargeable Performances of the Ministry of Economic Affairs and Employment (615/2023)

### Regulatory guidelines

- Government Decision on the Objectives of Security of Supply (568/2024)
- Security Strategy for Society: Government resolution (3/2025)

## Annex 2: Relevant administrative and court cases

Not available.

## Annex 3: Relevant literature

- Rajavuori Mikko (2024) "Nordic Investment Screening Law 1906–2024"  
Retfaerd: Nordisk Juridisk Tidsskrift
- Rajavuori Mikko (2021) "Yritysostolain uudistus: muutoksia ja jatkuvuutta turvallisuusperusteisessa yrityskauppavalvonnassa"  
Defensor Legis
- Kauppila, L. & B. Cappelin (2023) "The China Dilemma in Foreign Direct Investment Screening: Comparing the Finnish and Swedish Approaches"  
NKK Report, Swedish Institute for International Affairs.

# CELIS

## About the CELIS Institute

The CELIS Institute is an independent non-profit, non-partisan research enterprise dedicated to promoting better regulation of foreign investments in the context of security, public order, and competitiveness. It produces expert analysis and fosters a continuous trusting dialogue between policymakers, the investment community, and academics. The CELIS Institute is the leading forum for studying and debating investment screening policy. More about the Institute's activities under [www.celis.insitute](http://www.celis.insitute).

## About the CELIS Country Report(er)s Project

CELIS Country Reports (hereafter "Report") are produced by leading experts for any European and select non-European jurisdiction following an elaborate model, allowing for comparison and evaluation across jurisdictions. The project's aim is to identify and suggest best practice and to propose a common European (model) law on investment screening.

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