

Government Report on EU Policy

Strong and united EU – towards a more
sustainable European Union

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Strong and united EU – towards a more sustainable European Union

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Abstract

The report outlines the Government's EU policy in relation to central pending or future issues at the European Union. The report is based on the EU policy priorities set forth in the Government Programme. Finland aims at a socially, economically and ecologically sustainable European Union.

Along with the COVID-19 crisis and more challenging operating environment, the EU is enhancing its crisis resilience in different policy areas. In this report, the Government presents its own views on the strengthening of the EU's crisis resilience and on the Union's development in the coming years. The report thus also supports Finland's participation in the Conference on the Future of Europe.

It is essential to promote the EU's own values and interests, defend the rules-based international system and develop the Union's strengths in order to respond to and benefit from global trends, such as the climate change and digitalisation. Benefits should be distributed widely, improving both European and global wellbeing.

In respect of building the EU's resilience and an economically, ecologically and socially sustainable Union, the different EU policy sectors are interlinked, which emphasises the significance of comprehensive and carefully coordinated EU influencing.

Finland is a proactive and cooperative EU Member State which strives for solutions generating European added value as well as for the unity and transparency of the EU. A constructive and positive EU policy will also best contribute to promoting our national goals.

Keywords report, EU policy, EU membership, Finland in the European Union, Finnish Government, EU, Finland

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Valtioneuvoston selonteko EU-politiikasta Vahva ja yhtenäinen EU – kohti kestävämpää Euroopan unionia

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Tiivistelmä

Selonteossa esitetään hallituksen EU-politiikan peruslinja keskeisiin Euroopan unionissa esillä oleviin tai esille tuleviin asioihin. Selonteko perustuu hallitusohjelman EU-poliittisille painopisteille. Suomen tavoitteena on sosiaalisesti, taloudellisesti ja ekologisesti kestävä Euroopan unioni.

Covid-19-kriisin ja entistä haastavamman toimintaympäristön myötä EU on vahvistamassa kriisikestävyyttään eri politiikan aloilla. Hallitus esittää tässä selonteossa oman näkemyksensä EU:n kriisinsietokyvyn lujittamisesta ja unionin kehityksestä lähivuosina. Selonteko tukee siten Suomen osallistumista Euroopan tulevaisuuskonferenssiin.

Oleennaista on EU:n omien arvojen ja etujen ajaminen, kansainvälisen sääntöpohjaisen järjestelmän puolustaminen sekä unionin vahvuuksien kehittäminen maailmanlaajuisiin kehityskulkuihin, kuten ilmastonmuutos ja digitalisaatio, vastaamiseksi ja niistä hyötymiseksi. Hyötyjen tulee jakautua laaja-alaisesti eurooppalaista ja globaalia hyvinvointia edistäen.

EU:n resilienssin ja taloudellisesti, ekologisesti ja sosiaalisesti kestäväen unionin rakentamisen kannalta eri EU-politiikan sektorit nivoutuvat toisiinsa, mikä korostaa kokonaisvaltaisen ja huolella yhteensovitetun EU-vaikuttamisen merkitystä.

Suomi on aloitteellinen ja yhteistyökykyinen EU-jäsenvaltio, joka tavoittelee eurooppalaista lisäarvoa tuovia ratkaisua sekä EU:n yhtenäisyyttä ja avoimuutta. Rakentavalla ja myönteisellä EU-politiikalla edistetään parhaiten myös kansallisia tavoitteitamme.

Asiasanat

selonteko, EU-politiikka, EU-jäsenyys, Suomi Euroopan unionissa, valtioneuvosto, EU, Suomi

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Referat

I redogörelsen dras de grundläggande riktlinjerna upp för regeringens EU-politik i centrala frågor som är eller blir aktuella i Europeiska unionen. Redogörelsen baserar sig på regeringsprogrammets EU-politiska prioriteringar. Finlands mål är ett socialt, ekonomiskt och ekologiskt hållbart EU.

I och med covid-19-krisen och den allt mer utmanande omvärlden håller EU på att stärka sin kristållighet inom olika politikområden. I denna redogörelse framför regeringen sin egen syn på hur EU:s kristållighet ska stärkas och unionen ska utvecklas under de närmaste åren. Redogörelsen stöder således Finlands deltagande i konferensen om Europas framtid.

Det är viktigt att driva EU:s egna värderingar och intressen, försvara det internationella regelbaserade systemet och utveckla unionens starka sidor för att möta och dra nytta av de globala utvecklingstrenderna, såsom klimatförändringen och digitaliseringen. Nyttan ska fördelas jämnt så att den främjar både den europeiska och den globala välfärden.

När det gäller EU:s resiliens och byggandet av en ekonomiskt, ekologiskt och socialt hållbar union är EU:s olika politikområden sammankopplade, vilket framhäver vikten av ett helhetsbetonat och noggrant samordnat EU-inflytande.

Finland är en initiativrik och samarbetsvillig EU-medlemsstat som eftersträvar lösningar som ger såväl europeiskt mervärde som enighet och öppenhet i EU. En konstruktiv och positiv EU-politik främjar bäst också våra nationella mål.

Nyckelord redogörelse, EU-politik, EU-medlemskap, Finland i Europeiska unionen, Statsrådet, EU, Finland

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1 Finland's EU Policy in the Decade of Green Growth and Digitalisation

Finland joined the European Union in 1995, a quarter of a century ago. Even though many things have changed in the European integration during these years, the fundamental idea of peace project remains.

The EU membership has reinforced our place as part of the European value community and globally acting Union. We have been able to exert influence on phenomena and problems affecting us and crossing national and European borders differently than we could have done as an individual state. We have been part of the European peace, stability and prosperity project, enjoyed the free movement of people, goods, capitals and services and the access to the single market with more than 450 million consumers as well as the common currency and dismantling of barriers to trade and investments. Thanks to our EU membership, our gross national product has grown. Finland's total trade and citizens' comprehensive security have also increased considerably. Finns have benefited from various EU policies and programmes, starting from the Erasmus Exchange Programme to various subsidies which enable, for example, sustainable food production and social inclusiveness across Europe. Legal protection in cross-border matters has also improved. The Government considers it important that people understand the EU's significance for Finland and that we can also in the future ensure benefits from the Union membership as broadly as possible. The EU has been able to recover from crises and is now also expected to take the leadership in solving global problems.

This report outlines Finland's EU policy for the coming years. It is based on the EU policy priorities set forth in the Government Programme.

Finland aims at a socially, economically and ecologically sustainable European Union. The EU is committed to the implementation of the Paris Agreement and the goals of the 2030 Agenda for Sustainable Development. The COVID-19 crisis has emphasised the importance of this. Our aim is a Union that is the world's most competitive and socially inclusive climate-neutral economy. The European Commission's ambition to build the EU into a fair, prosperous and climate neutral society through its Green Deal is well in line with Finland's goals.

Financing that supports economic recovery will step up the transition into a new stage, where the European economic development and enhancement of competitiveness are anchored in green growth and digital economy. The transition must be implemented in a

socially equitable manner, relying on the key resource in Europe, i.e. strong human capital. Finland's EU policy is based on the assumption that the Union's action supports the development of a welfare society and the strengthening of citizens' wellbeing.

An EU that relies on its own values and strengths can respond to global megatrends, such as climate change and digitalisation, and seize the economic opportunities they provide. The better the EU succeeds in this, the more useful it will be for others to act together with it and follow on the same path. The question is how attractive a partner the EU appears to be globally and whether it can set norms whose adoption is in the interests of other key actors.

The EU's operating environment has become more and more complicated: we can discern power politics of great powers, questioning of the multilateral rules-based system and rise of nationalism. The tense relationship between the United States and China requires the EU to reassess its position in the new political, economic and ideological competition. The Union must respond to this situation by relying on its common values, promoting determinedly its objectives, strengthening its strategic capacity and by defending multilateral cooperation. Finland wants to develop the European Union into a more influential global actor which is able to respond to international challenges and foster stability and prosperity in Europe in a sustainable manner.

The Union's strategic autonomy must be based on the development of its own strengths, fair competition and participation in global economy as well as on a more resolute promotion of the EU's values and interests and on responsibility in external action. A functioning single market and its further development as well as open, rules-based and responsible international trade will continue to be of key importance to sustainable growth, competitiveness of European companies and to citizens' wellbeing.

The Union's internal integrity has been lately tested by the erosion of the rule of law in certain Member States and by different dividing lines reflected, for example, in debates on climate, economy and migration. The global COVID-19 pandemic also poses various challenges to the EU and its economy. For example, the pandemic has been estimated to increase inequality.

The Union has, however, remained united as the exit of the United Kingdom from the EU has become reality. It has also demonstrated its ability to agree on large and difficult issues: for example, it has carried out several common actions to respond to the COVID-19 crisis, and in 2020, an agreement was reached on a comprehensive recovery package.

Fostering the EU's internal unity and strengthening its external capacity are interlinked in various ways. For example, migration as a multi-dimensional global phenomenon requires

the Union to have a comprehensive approach that links internal and external actions and respects fundamental and human rights.

The Union should be a strong security community. The common security and defence policy, responses to hybrid influencing, such as cyber attacks, as well as to international crime and other cross-border security threats, the security of supply and other promotion of the Union's internal and external security are interlinked, creating a basis for strengthening the security of citizens comprehensively.

The EU is enhancing its crisis resilience in different policy areas. In this report, the Government presents its reply to this strengthening of the EU's resilience and to the Union's development during the first half of 2020s. The report thus also paves the way for Finland's participation in the Conference on the Future of Europe.

The different areas of EU policy are closely interlinked when viewed from the perspective of the EU's crisis resilience and the perspective of building an economically, ecologically and socially sustainable Union. For this reason, a comprehensive and carefully coordinated EU policy is essentially important.

Finland's strengths include a proactive and coherent approach that favours European cooperation. We will continue to act as a cooperative Member State that actively seeks for common solutions generating European added value and promotes transparency. Our initiatives support the Union's integrity. It is only by constructively participating in all cooperation and debate on the EU's development that we can make our voice heard, have our views given weight and pursue our own goals and interests as well as influence the future of the EU. Finland will also promote Nordic cooperation in the EU.

2 Common values as the cornerstones of EU action

Democracy, the rule of law and fundamental and human rights are the foundation for all activities of the Union. They have to be taken into account in all actions by the EU and the Member States, together with other obligations of international law. Finland will continue to exert influence towards ensuring that the EU's common values are strictly adhered to in the Union.

Democracy, the rule of law and fundamental and human rights are the cornerstones of our societies and the EU, which are interlinked and decisively affect the Union's action as well as the citizens' daily life and companies' operating environment. These values must be promoted in a comprehensive manner, which will strengthen the EU's unity, legitimacy and credibility as well as trust between the Member States. A condition for judicial cooperation based on mutual recognition is mutual trust between the Member States in one another's legal systems. Democracy, the rule of law and fundamental and human rights are not only essential to the realisation of citizens' rights but also to the functioning of the single market, growth and investments. They are also prerequisites for healthy public finances.

Common values, i.e. respect for human dignity and human rights, freedom, democracy, equality and the rule of law, as well as solidarity between the Member States constitute the foundation for the Union's crisis resilience. Shortcomings in their implementation also increase the vulnerability of European societies and the EU, both internally and externally.

Actions to reinforce the rule of law must be continued. The EU's rule of law instruments should be developed further and used appropriately. The Commission's Rule of Law Review Cycle and the Framework to strengthen the Rule of Law, the Council's rule of law dialogue, the EU's new rights and values fund, the new rule of law mechanism included in the financial framework and the procedure concerning the breach of the Union's values under Article 7 of the Treaty on the European Union should be seen as complementary. The Commission has a key role in ensuring compliance with the EU's rule of law principle, and it is important that the Commission actively uses its instruments, such as infringement procedures. Participation in cases at the European Court of Justice is one channel of influence. A key obligation of a country governed by the rule of law is to ensure judicial independence and access to legal protection. By developing judicial cooperation and dialogue, we can strengthen the foundation of the rule of law culture and cross-border legal protection.

Promoting equality and gender equality is one of Finland's key priorities. The EU's action against racism and discrimination should be intensified. The EU should effectively implement its strong Gender Equality Strategy. Implementation should emphasise, among other things, mainstreaming of the gender perspective in different EU policy areas, gender-sensitive budgeting, gender impact assessment, prevention of gender-based violence, strengthening of sexual rights and promotion of gender equality in working life, including by increasing pay transparency. Finland actively and systematically seeks to promote gender equality and equality in the EU and to maintain, for example, the related established terminology, such as 'gender equality'. This is more and more important as the questioning of universal human rights and gender equality has increased in Europe. Finland considers the new EU strategy for sexual minority rights as an important step towards promoting the human rights of sexual and gender minorities in the EU.

In addition, the implementation of the **EU Charter of Fundamental Rights** must be enhanced both at the EU and at national levels. Progress is also needed in the EU's accession to the **European Convention on Human Rights**. Finland supports the EU's accession to the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence ('the Istanbul Convention'). The European Union Agency for Fundamental Rights plays an important role in promoting the realisation of fundamental rights in the Union. Finland will continue the work towards strengthening the Agency's operating conditions, expanding its competencies into the area of police and criminal justice cooperation and towards fully exploiting the Agency's expertise.

The development of democracy in the Union requires long-term and comprehensive work, which is supported by the **European Democracy Action Plan**. An inclusive and resilient society allows everybody to make their voice heard, and everybody will have equal rights and participation rights. Special attention should be paid to improving the civil society's operating conditions. The crisis resilience of democracy in the EU should be built by protecting democratic institutions, increasing democracy education and strengthening the citizens' critical media reading skills and media diversity. In addition, European cooperation must improve preparedness for inappropriate election interference.

The Union's action in the fields of economic, social, education and other social policies are driven by a strong **ambition for fairness**. Here the European Social Charter and the European Pillar of Social Rights serve as guidelines. Finland considers that the European economic model should be based on combining a functioning and competitive market economy with a strong welfare state. Finland promotes this thinking in the Union's action in the context of the theme of Economy of Wellbeing, for example.

In order to strengthen the Union's legitimacy and mutual trust between the Member States, actions against corruption, tax evasion and shadow economy should be continued resolutely. The EU needs an **anti-corruption strategy**, and it must be an active actor in international anti-corruption work and become a full member of the Council of Europe Group of States against Corruption (GRECO).

3 World's most competitive and socially inclusive climate-neutral union

It is necessary for the resilience of our societies, the EU's competitiveness, ecological sustainability and social justice that the EU's growth strategy is based on creating a climate-neutral economy. The EU should strengthen its position in the global environment by relying on its own strengths, such as fair market economy, instead of resorting to, for example, protectionism.

3.1 Climate-neutral EU by 2050

Comprehensive actions that renew economic structures are needed during the coming decade to achieve **climate neutrality**, which is the objective at the EU level by 2050 and at the national level by 2035. All sectors of society and economy are relevant to the climate-neutral transition, and different policies should not work against an equitable and successful green transition. Here the 'do no harm' principle constitutes a key guideline.

Europe must ensure that natural capital is preserved and reconstructed. The EU **Biodiversity Strategy** extending to 2030 is an essential instrument in achieving this goal. Saving the Baltic Sea should be made one of the EU's key projects.

Greenhouse emissions should be reduced further and biodiversity protected within the EU by means that maintain sustainable growth. The development and introduction of technologies that support emission reduction goals require both public and private investments. Legislation should be cost-efficient, predictable and sustainable as well as strive to create a favourable investment environment in a sustainable manner. Legislation should be technology-neutral, i.e. encourage and enable technological development and innovations and not rely only on existing solutions. The EU's climate, environmental and sustainable development goals should be implemented in the Union's actions in a cross-cutting manner.

The transition to **circular economy** needs to be stepped up as it does not only strengthen climate change mitigation but also significantly improves resource efficiency and reduces import dependency on critical materials. Especially low-carbon construction and circular economy in the field of construction provide considerable possibilities for the EU single market. The circular economy also requires a sustainable bioeconomy and chemicals management, which are needed to better protect both the people's health and the environment. Along with halting the loss of biodiversity and climate change mitigation,

a sustainable use of natural resources is essential for the sustainable development of societies.

The EU must be able to exploit the transition to a climate-neutral economy as a central competitive factor that opens up business and export opportunities. The opportunities provided by digitalisation must be fully taken into account in order to achieve the climate goals. Finland can lead the way by investing in research, development and innovations and by efficiently introducing **new technology**.

The EU's actions and objectives must be based on reliable **research data**. Both actions to be selected and the adequacy of selected actions must be assessed on the basis of science to halt the climate change and loss of biodiversity and to improve the condition of the environment.

The global temperature rise has to be limited to 1.5 degrees of Celsius in order to avoid the most serious consequences of climate change. The EU should, through **active climate diplomacy**, promote the attainment of these goals at the international level.

The EU must commit itself to ambitious actions to detach the energy system from fossil fuels on a large scale. Emissions reduction must be the primary goal in **updating the EU's climate and energy policy legislation framework**, and this work should be driven by the principle of cost-effectiveness.

The most important tool in the promotion of low-carbon solutions is **emissions trading**. Finland considers that the amendment of the Emissions Trading Directive should ensure that the price for emission rights remains sufficiently high so that it efficiently and rapidly leads to emissions reduction. At the same time, it is necessary to ensure the competitiveness of European industry.

At this point, Finland is not in favour of including road transport in the general emissions trading system because this would probably not result in emission reductions required in road transport and might, in the short term, hinder the functioning of emissions trading. Should **emissions trading in road transport** be introduced, it should be created as a separate system and targeted at fuel processors or retailers. Alternatively, Finland could support investigation into a separate emissions trading scheme that covers road transport and individual heating of buildings.

Finland considers it important that the EU will effectively try to make the **International Maritime Organization (IMO)** agree, as soon as possible, on the introduction of emission reduction tools that are in line with the objectives of the Union's preliminary greenhouse gas emissions strategy and as ambitious as possible.

Finland will exert influence on the preparation of **maritime emissions trading** to the effect that the Commission proposal would effectively reduce emissions and include elements that safeguard competitiveness and acknowledge the specific features of winter seafaring.

Hydrogen may play a key role in the future, for example in reducing the emissions of industrial processes and transport. The EU should promote the development of technologies that enable replacing fossil fuels and products with hydrogen produced from clean electricity or with synthetic fuels (known as Power-to-X solutions).

EU-level actions can also contribute to the development of European **battery industry**.

In order to reduce transport emissions, the EU must particularly promote electrification and production of sustainable alternative transport fuels and develop the distribution infrastructure as well as the utilisation of alternative fuels and power sources in all transport forms. It is important to direct renewable fuels particularly to air and sea transport and heavy transport at the EU level. It is also necessary to improve the availability of low-emission and emission-free vehicles. Finland supports the Commission's plans to increase the production and use of **renewable fuels in air transport**. Finland considers it important to investigate whether an EU-level distribution obligation of renewable air transport fuels could be introduced.

The EU should step up the transition towards more sustainable forms of transport and promote **client-oriented mobility services that combine different modes of transport**. Bicycle and pedestrian traffic should be promoted across the Union.

3.2 Sustainable use of natural resources

Biodiversity in Europe must be on the path towards sufficient recovery by 2030. The objective should be an ecologically, economically, socially and culturally sustainable use and development of natural resources, which do not only ensure the preservation of biodiversity but also livelihoods depending on it. The annexes to the EU Birds and Habitats Directives should be updated on the basis of scientific knowledge, considering changes in species populations, ranges, habitats and assessments of endangered status. The update should also pay attention to social sustainability.

Forests have an essential significance for Finland in respect of economy and employment, and they also provide our most important natural resource, i.e. wood, which can help us to replace several fossil materials. Forests are also central to biodiversity and act as sinks that mitigate climate change. Forest policy should also in the future remain within national

competence in the EU because Member States and their conditions are different. Finland will actively exert influence on the preparation of the EU's policy actions concerning forests.

In the longer term, the significance of the **land use sector as a sink** will grow in achieving climate goals, and EU-level regulation and policy actions are also expected to increase. Agriculture and forestry are the only livelihoods where carbon is bound, and thus they have a central role in maintaining and increasing the land-use sector sink. The new **LULUCF Regulation** relating to land use, land use change and forestry should better encourage the strengthening of reserves and sinks and allow for their consideration as flexibilities in the effort-sharing sector, like in the present system. Finland considers it important that in the future, the carbon sinks and reserves in the land use sector are accurately taken into account in climate calculations. We should not create a situation where a country may benefit from Finland's forest sinks and thereby neglect emission reductions.

Forestry is important to Finland, and its significance may increase along with new products and raw materials that replace their fossil counterparts. Finland promotes the opportunities of **sustainable bioeconomy** in combating the climate change. Timber construction could provide a partial solution both to reducing life-cycle emissions in construction and to increasing long-term carbon sinks also in the built environment. The requirements of combating biodiversity loss must also be considered in the use of forests.

Continuation of food production in the whole EU area is essential both from the perspective of the comprehensive security and crisis resilience of society and from the perspective of viability of rural areas. This requires a **common agricultural policy** which takes into account the farmers' income, the Member States' different conditions and characteristics, the availability of safe and healthy food products for consumers, biodiversity and the climate sustainability of food production, as well as the wellbeing of animals. It is important to consistently develop the EU's food system towards a greater sustainability. For example, reduction of climate and waterways emissions, increasing sustainable land use and carbon sinks, good treatment of production animals and combating antimicrobial resistance will become more important in the common agricultural policy, and these goals should be pursued by means of a broad and innovative toolkit. **Fishing** in the Baltic Sea must be promoted in the EU in an ecologically and economically sustainable manner.

There are indications that in the medium term, the EU will shift from the traditional policy focused on agricultural production and markets towards a broader and more comprehensive **food policy that covers the whole chain**. According to Finland's view, in this context, perspectives related both to the income level and the position of food

producers in the food product chain, to environmental and climate issues, food safety and health perspectives as well as to the wellbeing of animals should be considered in a balanced manner. Finland welcomes the objective to increase the amount of organic production, as outlined in the **From Farm to Fork Strategy**.

3.3 Just and equitable transition and supportive regional and structural policy

It is necessary to ensure coherence and close links between the EU's Green Deal and a strong social dimension. Social justice must intersect with climate work. Climate policy actions should be socially and regionally equitable to ensure their efficient implementation and acceptability by the citizens. This means that support is given to the regions, sectors and employees that are affected most by changes. It is important that the EU budget is used to support a **just and equitable transition** in all Member States. A condition for receiving support is that the Member State concerned is committed to the EU's climate goals.

The most important task of the EU's common **regional and structural policy** is to reduce differences between the Member States and their regions. The focus on reforms supporting competitiveness, social inclusion and green and digital transition is important in regional and structural policy. The structural policy should encourage the Member States to make structural reforms and support sectors undergoing structural changes. There is a special need for aid to the least developed regions in the EU. One important specific issue for Finland is support to Northern Sparsely Populated Areas.

3.4 Innovative growth policy and more integrated single market

The common **single market** is one of the EU's greatest achievements, and its functioning is a precondition for a sustainable growth and competitiveness of the whole EU. Finland aims at developing the EU's single market in a manner that strengthens sustainable growth, competitiveness and the Union's crisis resilience. A strong and integrated internal market is a best guarantee for the Union's strategic autonomy. The single market must be open and competitive and provide the best preconditions for success to European companies and industries. All-sized companies must have just and equitable operating conditions and possibilities of market access. This also requires an effective enforcement of single market rules. Finland pursues a reformative and cross-sectoral **industrial policy**

in the Union which supports innovations and stimulates the green and digital transition, thus also benefiting Finland's national industrial policy goals.

For a country like Finland, infrastructures enabling export, such as ports and horizontal projects, are exceptionally important. Finland actively participates in the development of the TEN-T network and in the exploitation of the possibilities offered by an extended core network.

The EU's strong **Research and Innovation Financing Programme** is necessary for strengthening the Union's competitiveness and responses to social challenges.

Finland's long-term objective of developing the **single market for services** will be pursued further, safeguarding the rights of employees, taking into account the position of small and medium-sized enterprises and focusing on the potential of digital services.

The EU must invest, especially by means of innovation policy tools, in **digitalisation** and new technologies as the most important reformers of economy and competitiveness factors of the European industry. The EU must be a global leader in the development of **human-centred data economy**. A value-based approach that strengthens trust will help to create new markets and develop a predictable regulatory environment. European companies and citizens must be able to decide on the management of their own data and have the right to choose their service provider on an open and competitive market. Ambitious data policy actions will promote the distribution of data and definition of access rights, create interoperable information exchange solutions and enable the introduction of new technological solutions. In all actions, it is necessary to ensure digital safety, data security and protection of personal data as well as to strengthen digital inclusion and reduce digital poverty, including by means of structural funds.

The EU must also create a favourable environment for the development and application of **artificial intelligence**. Regulating artificial intelligence should be based on the values of freedom, human dignity and privacy and also provide an ethically sustainable framework. It is important to pay attention to equality, gender equality and non-discrimination in the development of digital solutions, artificial intelligence and algorithms. Finland's national work for fostering the introduction of artificial intelligence can serve as an example in the development of EU-level practices.

The EU must have a strong competition policy approach, and it has to ensure an effective and consistent enforcement of **competition and state aid rules** so as to guarantee the necessary predictability and fairness of the operating environment for the businesses. Competition regulation must respond to the needs of digital economy, including distortions in competition emerging along with the platform economy. State

aid rules must, in an appropriate manner and without causing distortions in competition, contribute to the achievement of climate goals and to the transition to a climate-neutral economy. Third-country companies operating in the single market must comply with the same rules that the European companies and industries are required to follow. It is in Finland's interests that the Commission maintains an independent role as the key actor in the EU's competition and state aid policy.

The COVID-19 crisis has revealed vulnerabilities related to international economic disturbances in EU Member States. The Commission has developed the concept of '**open strategic autonomy**' as a guiding principle of EU policies. A more specific definition of the concept is pending, and there is a lot of room for interpretation as to what strategic autonomy includes and what its objectives are. Finland emphasises that this must not be a euphemism for protectionism. The Union's strategic autonomy and competitiveness must be based on the development of its own strengths as well as on fair competition and participation in the global economy.

The COVID-19 pandemic has revealed the need to strengthen the Union's crisis resilience and reduce its dependencies, particularly in certain critical sectors, such as pharmaceuticals, protective equipment and raw materials. The development of the EU's **common preparedness and security of supply** is also in Finland's interests. This requires a comprehensive approach that takes account of the division of tasks between the Union and the Member States. An efficiently functioning European single market as well as an open and rules-based trade policy are the most important enablers of the security of supply. Finland promotes the development of the EU's crisis resilience in a manner that supports economic renewal and ensures fair operating conditions on the EU market.

3.5 Open and responsible trade policy

The EU should have a strong role in maintaining and strengthening the **multilateral trading system based on the World Trade Organization (WTO)** and in defending open and fair trade. The EU's trade policy must be a coherent part of the EU's external relations and closely interlinked with the development of the single market and the industrial policy. The trade policy must also support the EU's digital and green transition, including circular economy.

It is of primary importance to Finland to promote the multilateral trading system within the World Trade Organization. The EU's regional, bilateral and multilateral agreements must be in line with this premise. The EU should support a sustainable and responsible development in trade and investments. It should also promote the EU's Green Deal and the implementation of the UN sustainable development goals. It should be considered

how the trade policy could most effectively bring about societal change in the EU and in partner countries.

Along with the changed global environment, it is important to improve the EU's ability to make trade policy decisions from its own premises and to defend its interests, while maintaining Europe open to international trade and investments. At the same time, strengthening the EU's position and competitiveness requires that the EU have means to respond, where necessary, to unfair trade practices of third countries unless common rules can be agreed on. The EU's **trade defence instruments** should be used to defend the EU's interests. It is possible that new tools will be needed to address, for example, state aid that distorts competition.

The change in the administration of the **United States** presents an opportunity to strengthen trans-Atlantic cooperation to promote rules-based trade. The EU must pursue positive trade relations. It must also be ready, where necessary, to defend its interests within the framework of the rules of the World Trade Organization. The EU's long-term goal should be a deeper trade and investment relationship with the United States. It is important that the EU will defend its interests and values more strongly towards **China**. To achieve a more balanced and reciprocal economic relationship, the EU must require China to uphold its commitments and improve the openness and transparency of its market.

The EU's trade policy removes trade barriers, ensures more balanced conditions of competition and facilitates the joining of Finnish and European companies in global value and supply chains as well as promotes sustainable development goals. Efficient implementation of **trade agreements** and strengthening the network of the EU's bilateral and regional trade agreements are essentially important. Bringing negotiated agreements into force is not only important for economic impacts but also for the EU's credibility. The enforcement of agreements should ensure that all obligations will be implemented.

It must be ensured that the EU's trade and investment policy supports the **achievement of the sustainable development goals (Agenda 2030) and climate goals** and that the EU's trade agreements adequately take into account their impact on the environment, sustainable development, gender equality and on issues related to the rights of women, girls and employees. Trade agreements should contribute to the realisation of **corporate social responsibility**. In accordance with the Government Programme, Finland welcomes EU-level regulated corporate responsibility which takes into account different-sized companies and international value chains. Objectives related to a sustainable management of companies must be promoted in a way that acknowledges the different principles of the Member States' company law systems.

3.6 Top education in the world

Strengthening the **level of knowledge, skills and competence** of European citizens, increasing educational equality and supporting continuous learning should be made a key objective in EU cooperation. This is a precondition for the EU's global competitiveness, green digital transition and for strengthening the resilience of societies. At the same time, it reinforces equality and inclusion.

Human capital is the most important resource in Europe. The EU should set itself the strategic goal that European education will rank number one in the world. This requires increasing education investments and bringing EU cooperation in the education sector to a new level. The evolving Erasmus+ Programme should be exploited to the fullest to promote education, skills and competence and mobility. Networking needs to be improved between European universities in order to create top universities that perform well in global competition. The **European Education Area** should be achieved by 2025 by removing barriers from mobility and cooperation and by improving the interoperability of the Member States' education systems. A closer cooperation is also needed between the research and innovation policy and the development of education, skills and competence.

Issues related to the **digitalisation of education** must be high on the EU's agenda. This is not only about the citizens' digital skills or solutions improving mobility but also about how digitalisation changes education and education systems. EU-level cooperation should be enhanced, for example, in making good use of artificial intelligence in teaching and learning.

3.7 Strong social dimension, fairer working life and effective health policy

The **social dimension** is a central EU priority, and Finland considers its development essential. Actions to promote the social dimension increase the Union's legitimacy among citizens. The objective is to develop general welfare in the Union and to try to narrow down differences in living standards by reducing poverty and inequality. The Member States have organised their social, employment, health and education policies in various ways and according to different principles. Finland considers that the social dimension should also in the future be based on the diversity of national systems. Finland's objective is that initiatives in the area of social dimension support the development of the Nordic welfare model. The Nordic welfare model also has a lot to contribute to the development of EU actions. Strengthening the EU's social dimension and the European Pillar of Social Rights, an up-to-date minimum regulation of social rights and working life, as well as a

more effective implementation constitute means for achieving a socially sustainable and equal EU.

A full implementation of the **European Pillar of Social Rights** is essential for strengthening the social dimension, fairness in working life and for a functioning single market. The Pillar needs to have a clear and concrete action plan defining what measures its implementation requires from different actors and at what timetable. EU-level tools should be used in pursuing the goals set in the Pillar of Social Rights, and EU-level legislation, for example, should be updated and complemented as necessary within the limits of the Union's competences. In addition, systematic follow-up and political peer pressure are necessary. The European Semester is a key tool in monitoring the implementation.

The EU economy is dependent on the availability of skilled labour force. The COVID-19 crisis must be seen as a transition point and as a possibility of steering the **employment policy** towards supporting the green and digital transition. The employment and social policy will also in the future mainly remain the responsibility of the Member States; however, EU-level cooperation should be developed and legislation updated to acknowledge, for example, changes caused by digitalisation in working life.

A functioning and healthy employment market is important for promoting sustainable growth and Economy of Wellbeing. Finland endorses the objective of the EU's minimum wage initiative to ensure an adequate wage for all employees in the EU. At the same time, special national characteristics of employment policy, such as a labour market system based on collective agreements, should be respected. Finland supports the EU's additional actions to promote **occupational safety and health**. Barriers to the mobility of labour force in the single market should be removed and the European labour market deepened. The EU and its Member States must also continue pursuing actions that promote **gender equality** in working life, reconciling work and family life as well as equal pay. Finland supports the strengthening of the operation of the European Institute for Gender Equality and regards it as a valuable part of the Union's work.

The **Economy of Wellbeing perspective** should be taken into account in EU cooperation. Finland actively promotes an approach where investments in the citizens' wellbeing are seen as a factor supporting economic growth. Sustainable growth can reciprocally increase the wellbeing of people and the environment. It is also important to systematically assess the impact of EU-level political decisions on the citizens' wellbeing.

The EU's ability to respond to and prepare for **cross-border health threats** must be strengthened. The COVID-19 pandemic has shown that the EU countries need to cooperate and coordinate their actions during crises. Citizens expect the EU to take

actions to protect health and wellbeing. The prevention and control of and preparedness for international health crises as well as the coordination of emergencies should be improved at the EU level. The EU should also try to strengthen its capacity in the health sector since in an integrated Europe, no Member State is protected from large-scale health threats without a common and effective strategy. In addition to pandemics, the EU must, through joint efforts, combat global health threats, such as antimicrobial resistance. Finland supports the present division of competence in the field of health policy. EU actions should not restrict matters falling within the exclusive competence of Member States, such as the organisation of health services. The EU's health policy contributes to and complements national actions and helps to ensure that health is taken into account in all EU policies. The EU's actions support Member States in the promotion of health and prevention of diseases.

In the future, the EU must better monitor the **availability of critical medicines, medical devices and materials**. An EU-level system for monitoring demand and supply can ensure the availability of medicines also during crises. EU cooperation must be developed, for example, in joint procurement and in securing access to other necessary materials in order to improve the security of supply. However, the Member States should also in the future have the right to decide on national participation in procurements and on securing necessary materials.

3.8 Better-functioning Economic and Monetary Union

In the changing global environment, a functioning Economic and Monetary Union (EMU) is crucially important with regard to the EU's common values, crisis resilience, political cohesion, as well as to the EU's and Finland's comprehensive security.

It is of primary importance in the Economic and Monetary Union that the Member States are themselves responsible for the economic policy, in accordance with the Treaties. For this, the Member States need to have a genuine economic policy leeway. During good times, the Member States must be able to create fiscal space for themselves for bad times. It is important to investigate whether the **regulatory framework of fiscal policy**, which has become very complex, could be simplified without opening the Treaties. More emphasis should be given, in particular, to the Member States' debt sustainability and any imbalances in current accounts. The mutual compatibility of monetary policy and fiscal policy is increasingly important. The conditions for a controlled implementation of possible debt restructurings should be improved in the euro area. The regulatory framework of economic policy must enable a fiscal policy that is proportionate to the cyclical conditions, which should be taken into account if the **Fiscal Compact** and its role will be reconsidered.

The rules of the **EU's Stability and Growth Pact** have been created to contain the risk of Member States' over-indebtedness and thus to contribute to preventing the possible erosion of monetary policy independence. The **European Semester** is central in coordinating the Member States' economic policy. The European Semester is a primary tool for balancing differences between countries, promoting employment and social cohesion and for maintaining stability in the euro area. Finland supports consideration of the UN sustainable development goals (Agenda 2030) in the European Semester and seeks to actively influence towards a balanced development of the operation of the Semester so that it, in principle, concentrates on coordinating the economic policy but also takes better account of the interactions between economic, social, employment and environmental actions and policies as well as promotes ecological reconstruction. The preparation related to the economic policy semester includes a close dialogue with different parties, such as social partners and non-governmental organisations. However, the process as a whole should not become overburdened.

The **European instrument for temporary Support to mitigate Unemployment Risks in an Emergency** (SURE), which was established in connection with the COVID-19 crisis, is an exceptional one-off solution to respond to an acute crisis. If a debate is launched at the EU level on new permanent mechanisms, this requires careful preparation by examining the need for mechanisms and their benefits and risks. Permanent changes should not be introduced into the structures of the EU's economic policy architecture as a response to an acute crisis. Cooperation for a better management of short-term economic policy in fiscal policy can also be increased through the Member States' mutual and parallel actions on which they agree separately.

Finland supports the implementation of **strong bail-in**. It must be possible to deal with the problems of over-indebted Member States and banks without significant negative knock-on effects on the EU's financial and capital market. In addition, the measures should not increase the risk of a new financial crisis in the euro area or weaken the European Central Bank's (ECB) ability to ensure the stability of the euro area. The vicious circle between governments and banks constitutes a significant obstacle to the Member States' controlled debt restructurings. The work to address it must be continued, especially by means of credit institution regulation. In practice, it should be possible to ensure that banks have sufficient equity and own funds in relation to the credit risk to which they expose themselves when financing governments. Neither should substantial investments by central banks into government bonds prevent the implementation of controlled debt restructurings, for which reason the collective action clauses in government bonds should be strengthened further. The Treaty Establishing **the European Stability Mechanism** (ESM) has been recently amended, and there is no need for opening it in the near future. However, the development of the ESM and its position in the EMU architecture need to be assessed regularly.

Finland's basic premise in **completing the Banking Union** is based on a comprehensive and effective implementation of bail-in so that the costs for tax payers could be minimised in the case of bank crises. The deepening of the Banking Union and risk-sharing in an economically sustainable manner are meaningful goals. A **European deposit insurance scheme** could, if implemented appropriately, produce added value in respect of financial stability. Risk-sharing in the Banking Union should, however, be based on a fair insurance-type mechanism where the bank contributions for a common deposit guarantee reflect the prevailing risk-sharing. Improving the regulatory treatment of sovereign exposures such that banks would have an incentive to diversify their sovereign debt portfolios would be a step forward in respect of financial stability. Progress towards a common deposit insurance requires a roadmap where risk-reducing measures are agreed on, the credibility of the agreed crisis-solving system is restored, and the bank regulation is reformed in order to enable sovereign debt restructurings.

The **Capital Markets Union** is necessary for creating a competitive financial market in the EU. A further objective of the Capital Markets Union should be ensuring an efficient and solvent financial market where risks have been priced correctly and bail-in is implemented. The completion of the Capital Markets Union would also promote the objective of weakening the feedback loop between banks and governments. The debate on the Capital Markets Union will continue at the EU level, in particular on the need to further harmonise insolvency legislation, taxation and company law. Finland is willing to investigate how EU-level actions could promote the implementation of a deeper Capital Markets Union. However, in respect of any further harmonisation, particular attention should be paid to adherence to the principles of better regulation and to the proportionality of each proposal.

3.9 Exceptional Recovery Instrument and its efficient implementation

Finland underlines that the **Recovery Instrument** related to the economic effects caused by the COVID-19 crisis is a one-off exceptional crisis measure whose duration and purpose of use are clearly defined. The legal basis for the Recovery Instrument is responding to an exceptional crisis situation. The Recovery Instrument will be implemented within the framework of the EU Treaties, legislation and institutions without touching the inter-institutional balance between the institutions. Finland has approved the Recovery Instrument under these preconditions. The EU's Multiannual Financial Framework will also in the future be the primary method of financing the Union's operation.

It is important to Finland that the financing to be allocated to the Member States from the Recovery Instrument is used in an agreed manner for **structural reforms improving growth and competitiveness and for climate actions**. It is essential that financial solutions support the Union's broad-based policy objectives, such as the green and digital transition. The resilience of social and health systems, maintenance of people's ability to work and function, as well as equal opportunities are not only important from the human perspective but also from the perspective of employment and sustainable economic recovery. At the national level, it is necessary to ensure that the financing offered by the Recovery Instrument is exploited maximally in a manner that supports our recovery measures and the goals of the Government Programme.

3.10 Fair taxation and EU's own resources

Fair, effective and sustainable taxation plays a key role in the pursuit of green growth and digital economy. Taxation must support sustainable development and climate change mitigation in a socially equitable manner both at the international and national levels, securing the tax base while ensuring competitiveness. Taxation must guide towards more sustainable choices in production and consumption.

The globalised economy and technical progress threaten the basic function of taxation: financing of social services and benefits. In the current system, companies operate internationally and regulation is largely national. A sustainable financing of public services requires the **filling the gaps of tax bases at the international level**. At the same time, citizens can feel that taxation is fair and genuine competition can be promoted in business life. Finland's approach towards tax policy initiatives is based on these premises.

Finland considers that the **unanimity requirement** and special legislative procedure must be maintained in the EU's tax policy in matters concerning the core of national tax policy and harmonisation of the Union's tax legislation. Transition to qualified majority decisions in a certain area or in certain cases requires a unanimous decision of the European Council.

The **adoption of qualified majority decisions** can be considered exceptionally in limited sets of issues to combat shadow economy, harmful tax competition, tax evasion and tax fraud, **for example as regards information exchange between the Member States and other administrative cooperation**. Finland promotes transparency in cross-border taxation and accounting matters.

Best practices to **combat tax havens** should be strengthened further, both at the EU and global levels. Tax incentives that distort competition and other harmful tax competition should also be identified and addressed effectively in the EU tax policy. In the end, all

countries will lose in harmful tax competition. Finland supports and contributes to actions against tax evasion, aggressive tax planning and shadow economy, as well as to the improving of taxation transparency by means of international cooperation. The objective is to achieve tighter and broader tax bases in order to ensure that companies' profits and other income are taxed once.

The EU should be able to respond to international taxation challenges in a united manner. The discussion about the need to reform **company taxation** also continues within the EU. Digitalisation, in particular, necessitates examination of reforms concerning tax collection and distribution of tax revenues. Finland actively participates in European and international cooperation to ensure the taxation of companies in the platform and digital economy. Finland promotes national and international solutions that secure and strengthen Finland's tax base in a globally sustainable manner and promote fair competition between companies by blocking the possibilities of tax evasion. A long-term objective is that groups of companies should, in principle, be taxed as single entities.

Finland actively participates in promoting the **EU's Common Corporate Tax Base (CCTB)**. Finland considers it important to accept the amendment of the Accounting Directive concerning country-specific tax reporting in order to increase the transparency of business activities and reduce tax planning that distorts competition. The effects of the reforms on Finland's tax revenues, tax matching and economic growth conditions will be examined independently as part of preparation.

The reform of the Multiannual Financial Framework should be continued. Finland has an open and constructive position towards the **development of the system of EU's own resources, i.e. the revenue side of the financial framework**, considering also aspects related to the financing of the Recovery Instrument. Possible new own resources of the EU should be of a broad-based and international nature.

Finland actively participates in the debate on the Union's new own resources and assesses future proposals, such as the **carbon border adjustment mechanism and digital tax**, from the perspective of the national and overall European interest. By developing the EU's own resources it is possible, for example, to decrease the Member States' contribution for the repayment of the Recovery Instrument. Changes into the own resources system must not disproportionately increase Finland's contribution. Decisions on the EU's own resources should be kept within unanimous decision-making.

When making reforms concerning EU financing, it must be evaluated how they can be integrated into the Union's other ongoing reforms and key objectives, such as climate change mitigation and improving the functioning of the single market.

4 EU as a strong global actor and security community

Intensified great power competition and ideological confrontation as well as instability in Europe's neighbouring areas emphasise the need to strengthen the EU as a global actor and provider of security. It is increasingly important that the EU promotes its common values by easing tensions. Global challenges, such as climate change, pandemics, migration, population growth, increasing inequalities and technological change, emphasise the relevance of a comprehensive promotion of sustainable growth and international cooperation as well as the need for a better coordination of internal and external security activities. Partnerships and actions on different international fora reinforce the EU's crisis resilience.

4.1 Union that promotes its values and interests

Finland considers it necessary to strengthen the **EU's global role and influence**. This requires a more strategic approach from the Union and stronger unity, coherence of the EU's internal and external policies as well as more efficient decision-making. Finland considers that strengthening the EU's strategic autonomy in common foreign and security policy means promoting the Union's values and interests more resolutely, stronger responsibility and partnerships as well as an improved external capacity to act.

Finland supports the **development of the EU's common foreign and security policy**. The High Representative of the Union for Foreign Affairs and Security Policy should have a strong mandate to promote the EU's foreign policy goals, the achievement of which can also be advanced by delegating tasks of the High Representative to the Member States' Ministers for Foreign Affairs on a case-by-case basis. The swiftness and credibility of the EU's common foreign and security policy can be improved by increasing the **use of qualified majority decision-making and the principle of constructive abstention**. In the context of competition between the great powers, the EU must be able to efficiently establish its own stands based on its own goals and, if necessary, protect its interests from external pressure. As regards the EU's capacity to act, it is also important that common policies are adhered to.

Finland will contribute to ensuring that the **EU sanctions policy** is coherent, proportional, targeted and founded on a strong legal basis. The effectiveness of sanctions can be improved by a functioning dialogue between partners and by ensuring consistency of sanctions. Protection from harmful impacts of sanctions by third countries requires EU-level actions.

The EU has a significant role in shaping the structures of global governance. The UN-based **multilateral and rules-based system** should be strengthened and, where necessary, reformed. Respect for international law as well as the promotion of human rights, democracy and the rule of law must be at the very heart of all external actions of the EU. Social justice, equality, gender equality and the promotion of the rights of women and girls must also be taken into account in a cross-cutting manner. The EU's values should be promoted with determination on the global level, together with partners.

The COVID-19 crisis has underlined global interdependency and the need for common solutions. It has also increased inequality across the world. For the first time in decades, the number of people living in absolute poverty is increasing. The EU must maintain its central role in development policy and humanitarian aid as well as global leadership in the implementation of the **2030 Agenda for Sustainable Development** and the **Paris Agreement**. The role of the EU's development policy must be acknowledged better in the EU's external action and the coordination of the Member States' development policies improved. The possibilities offered by the new, more integrated and flexible EU **external action financing instruments** must be exploited to the fullest. **Connectivity policy** can provide alternatives in line with the EU's values and interests and deepen EU partnerships on the global level. The good practices of the Team Europe approach applied in the EU's global aid in connection with the COVID-19 pandemic should be adopted also in the future to improve the Union's visibility as well as the success and effectiveness of development cooperation.

Finland strongly supports the development of a comprehensive partnership with **African** countries and the African Union. The EU-Africa relation should be increasingly based on political dialogue, reciprocity and trade and foster an ecologically, economically and socially sustainable change.

The tensions between the United States and China have forced the EU to reconsider its position in the new political, economic and ideological competition. It is important to promote the partnership between the EU and the **United States**, especially with regard to the rules-based system, economic relations and security in Europe. **China's** determined efforts to strengthen its global position require a coherent policy from the EU as well as a stronger protection of European values and interests.

Coherence in the EU's policy on **Russia** is important to Finland. Action is guided by principles established in the Foreign Affairs Council. Full implementation of the Minsk Agreements aiming at solving the conflict in Eastern Ukraine is a requirement for reassessing the relations between the EU and Russia. Sanctions should be kept in force until the reasons for imposing them cease to exist. At the same time, the EU must engage in dialogue and cooperation with Russia, for example in climate and environmental issues.

The Withdrawal Agreement that entered into force in February 2020 and the Trade and Cooperation Agreement signed in December 2020 form both a general framework and a detailed common agreement framework for future cooperation with the **United Kingdom**. Finland is pleased that the agreements were reached, even though the new relationship between the parties will remain quite distant compared to the EU membership. All new agreements to be concluded between the EU and the United Kingdom will be part of this framework formed by the Trade and Cooperation Agreement and its common governance model, unless otherwise agreed by the parties. Particular attention should be paid to an appropriate implementation and application of the negotiated agreements, which should be adequately resourced. In matters falling within the Member States' competence, Finland will seek to build a good and well-functioning bilateral relationship with the United Kingdom.

The EU's **enlargement and neighbourhood policies** foster peace, wellbeing and prosperity in Europe. The EU must continue the implementation of a credible enlargement policy which is based on clear criteria.

The **Western Balkan** is a strategically significant region to Europe, and it is important that the EU remains committed to the European perspective of the Western Balkan countries. The Western Balkan countries should adhere to the obligations associated with the accession perspective. Pursuing EU membership requires that the partner countries commit to the EU's common values. Conditionality is essential in the enlargement process, and progress should be based on the countries' advance in implementing the reforms required by the accession criteria. Comprehensive and consistent reforms in the field of the rule of law are particularly important.

Turkey has continued to move away from the EU, and the country's development in the field of democracy, the rule of law and human rights is worrying. However, dialogue and cooperation should be continued with Turkey, and the EU should not terminate Turkey's EU accession process since this still serves as the framework that enables monitoring Turkey's progress and also critical dialogue. The EU's policy on Turkey must be sustained and consistent in all areas.

Finland will continue to pursue its key role in strengthening the EU's **Arctic policy**. The importance of Arctic issues and Arctic cooperation for the EU should be understood from the perspective of the whole Union, and the EU should foster sustainable development and stability in the Arctic region. Central elements of the EU's Arctic policy include mitigating climate change and safeguarding the rights of indigenous peoples, as well as the wellbeing of northern communities. Finland considers it important to update the EU's Arctic policy to correspond to the current needs. EU financing has an important role in strengthening the EU's Arctic role and promoting Arctic cooperation. The significance

of the Arctic Council as the key cooperation forum will increase. Cooperation with Nordic partners will also be fostered.

Finland supports the EU's role in the **Northern Dimension** policy and its partnerships. This cooperation provides practical tools for promoting Finland's and the EU's objectives both in the Arctic regions and in the Baltic Sea region as well as in the border regions between the EU and Russia, including in the areas of climate and environmental cooperation, nuclear safety, health issues, as well as transport and logistics.

4.2 Comprehensive approach towards migration and development of the Schengen area

Migration is a permanent phenomenon involving not only the Member States' needs and ability to make use of legal migration but also the responsibility of each Member State for the management of migration and respect of human rights. Migration requires **comprehensive and common European solutions** where all Member States participate and are committed and which can respond both to the EU's internal needs and to the root causes of migration. All actions by the EU and the Member States must **comply with the obligations of international law and fundamental and human rights**.

Developing legal channels and their accessibility forms an essential part of the EU's comprehensive and sustainable migration policy. Legal immigration has an important role in reducing the shortage of labour and skills in the Union as well as in improving competitiveness. The EU should develop measures for succeeding better in the international competition for skilled persons. Legal immigration must be integrated more closely into the promotion of skills, competitiveness and industrial policy in the EU. As part of the development of legal channels, it is important to increase resettlements across the EU to help refugees in the most vulnerable situations.

It is important to create equal and sustainable **partnerships** with countries of origin and transit and use partnerships in promoting the EU's goals in relation to, for example, addressing the root causes of migration and a good management of migration. The EU should seek to exert influence in its partnerships to ensure that the migration policy of partner countries will respect international law and human rights.

The external border control of the EU must be effective and credible as well as respect fundamental and human rights in all situations. The external border control must maintain border security, and in this context, the right to apply for international protection has to be respected.

It is important to pay more attention to the loss of lives in the Mediterranean when assessing the EU's migration system and to develop means for their avoidance.

Finland supports finding a solution to the **reform of the common asylum system** as the need for a better-functioning system is obvious. The system must also in the future be based on the right to apply for asylum in the EU. The objective is to achieve a well-managed and functioning asylum policy and improve the realisation of fundamental and human rights in the whole EU. The migration crisis of 2015 and 2016 revealed significant shortcomings in the common asylum system. It is important to find trust between the Member States and belief in the EU's ability to respond to migration both in a controlled and effective manner and with respect for fundamental and human rights in all situations. A crisis-resilient system is based on a high-quality situational picture, common strategy work and anticipation of future development.

The EU must create clear and functioning **arrangements for situations of disembarkation following rescue operations, migration pressure and crises**. As an external border state, it is in Finland's interests that Member States are quickly and effectively allocated the aid they need and that the functioning of the common asylum system and management of migration are ensured also in the above-mentioned exceptional situations. It is also important that the EU creates a solidarity mechanism binding on all Member States. The forms of aid to be provided need to be flexible but, for the functioning of the system, it is important that the Member States participate comprehensively in relocations.

The EU needs better functioning **asylum and return procedures** which can, respecting the obligations of international law, ensure that protection is provided quickly for those who need it and that those who do not need it are referred to the return procedure without delay. It is important that the procedures guarantee in every respect the realisation of the applicants' legal protection, individual processing and adherence to the principle of non-refoulement. In addition, the needs of persons in vulnerable situations, such as minors and victims of trafficking in human beings, must be acknowledged as well as the best interests and rights of the child, whose full realisation must be ensured. Illegal entry and stay in a country without a legal right of residence must be prevented more efficiently and returns enforced better, respecting the principle of non-refoulement.

An **effective return system** and **functioning cooperation in readmission** with third countries is also an essential part of the EU's migration policy.

In accordance with Finland's objectives, the EU's **Multiannual Financial Framework** allocates more funds than during the past period to internal and external actions in migration management. It is important that additional financing is used efficiently for

matters important to Finland, such as resettlement and the development of integration at the EU level.

Finland is active in the EU cooperation on **integration**, for example by developing and making good use of best practices.

The benefits from the **Schengen area** of free movement are an essential added value from the EU membership for citizens and companies. In order to ensure free movement and the functioning of the Schengen system as well as to prevent their abuse, the Member States must have at their disposal effective and proportionate means of maintaining public order and internal security.

Finland participates actively in the overall development of the Schengen system and supports the strengthening of the Schengen area.

4.3 Comprehensive security of citizens

Over recent years, the European security environment has been characterised by crises in the neighbouring regions, hybrid influencing and cyber threats. The changing security environment requires a proactive and **comprehensive approach** to strengthen the security of the EU, its Member States and citizens.

Finland stands for the strengthening and development of the EU's **security and defence policy**. The EU must be able to bear responsibility for the security of its own area and for that of the neighbouring regions.

The **strategic discussion** launched on the direction of the EU's security and defence cooperation provides opportunities to improve the Union's capacities and preparedness. At the same time, it is necessary to strengthen cooperation in the EU's different policy areas to anticipate, prevent and manage serious emergency and crisis situations. The European Union's **Solidarity Clause** (article 222, TFEU) and **Mutual Assistance Clause** (article 42(7), TEU) strengthen the Union as a security community and increase solidarity among the Member States. The prerequisite for the application of the Solidarity Clause is that a Member State becomes the object of a terrorist attack or the victim of a natural or man-made disaster. The Mutual Assistance Clause is intended to be used when a Member State is the victim of armed aggression on its territory. The flexible nature of the clauses must be preserved, which allows their application, for example, to responding to serious hybrid influencing.

Solidarity is of high security policy importance for Finland, and Finland bears responsibility for the European security in concert with the other EU Member States. Here, solidarity means that Finland will receive aid and assistance at its request, and that Finland will provide aid and assistance to another Member State or the European Union if necessary. The request for or provision of aid and assistance is always based on a decision made at a national level. Solidarity should also be perceived more broadly, for example as participation in strengthening security in all neighbouring regions of the Union, such as crisis management in Africa.

Finland participates actively in the **EU's military and civilian crisis management** and in the comprehensive development of crisis management. Improving crisis management is both about fostering peace and stability and about strengthening the EU's credibility.

A functioning cooperation between the EU and Nato is in Finland's interests. The **EU-NATO cooperation** must benefit both parties and be of complementary nature. The development of the EU security and defence cooperation benefits also NATO as it enhances European security and capabilities. Particularly beneficial areas of cooperation include the hybrid and cyber matters, issues related to digitalisation and disruptive technologies, such as AI, and the promotion of military mobility. Finland promotes the EU-NATO cooperation aimed at strengthening the European security and transatlantic cooperation even in global issues, such as improving health security.

The **joint EU financing** for security and defence must promote the development of the European defence industry, and the enhancement of the EU Member State's capabilities, military mobility and the strengthening of the peace and security in partner countries.

When developing the EU's defence cooperation, it is essential that the Member States keep their commitments under **Permanent Structured Cooperation** and that the relevant cooperation projects produce concrete added value.

Finland's objective is to promote the establishment of **hybrid threats countering** as part of the EU's preparedness to internal and external security threats based on the comprehensive security model. The EU must maintain a common situational picture, improve crisis resilience, prepare for new threats and develop existing tools. The EU cooperation on hybrid threats must focus on matters that support and complement the Member States' national preparedness, such as intelligence analysis cooperation, protection of critical infrastructure, development of cyber security standards and capacities, democratic resilience against information and electoral interference, as well as on strengthening the security arrangements and culture of the EU institutions. The European Centre of Excellence for Countering Hybrid Threats, located in Helsinki, can

help in developing cooperation between the Member States and in strengthening their capacities.

The COVID-19 crisis has emphasised the importance of developing **security of supply systems** at the EU level. The EU funding will be used maximally in strengthening the Member States' capacities of providing assistance and crisis capacities, including rescEU emergency stocking. Finland will work actively towards developing the EU cooperation on security of supply and cooperation structures.

Cyber security is an essential factor in securing a disturbance-free functioning of the EU's single market and social stability as well as the citizens' privacy. Finland participates actively in the development of the common foreign and security policy in relation to the EU's cyber security, and is engaged in cooperation to improve the EU's cyber capacities. The goal is a free, open and safe cyber environment which respects the democracy principle, human rights and international law. In order to prevent cyber crime, it is necessary to further develop cooperation between the justice and law enforcement authorities of the EU Member States. Along with the increasing digitalisation of social functions, the EU must adopt a common approach to the security of communication networks and the Member States must implement the commonly-agreed measures.

The work to strengthen the security of citizens and society with full respect for fundamental and human rights should be continued. The development of security environment needs to be under constant monitoring, and the authorities' capacities must be developed to respond to changing security threats. Particular attention should be devoted to **crime prevention, position of crime victims** and to the **realisation of victims' rights in practice**. Justice and law enforcement authorities must be guaranteed proportionate capacities to prevent offences against citizens and to bring perpetrators to criminal justice also in the online environment and along with technological progress. The objective is to effectively address illegal online content so as to prevent the use of online environment for illegal purposes.

Cooperation with social media companies should be continued to address online hate speech, disinformation and conspiracy theories.

EU cooperation is necessary in **combating terrorism** and supports Member States in the **prevention of violent radicalisation**. Addressing terrorism and cross-border crime, such as trafficking in human beings and sexual abuse of children, requires an efficient use of EU tools. The EU Agencies also have a significant role in supporting the Member States, and the new needs must be acknowledged in their development. In order to strengthen internal security, it is important to **develop cooperation and improve information exchange** as well as to ensure the **interoperability of EU-level information systems**.

Actions against trafficking in human beings need to be strengthened in the EU, and Finland calls for a strategy for action against trafficking in human beings.

The development of **cooperation in criminal justice** should be continued by increasing mutual trust between the Member States and by promoting digitalisation.

5 Development of the functioning of the EU and Finland's influence on the EU

The EU's functioning must be improved and strengthened using the opportunities provided by the EU Treaties. The COVID-19 pandemic has revealed vulnerabilities in the EU and its Member States. At the same time, it is a good example of a crisis facing the EU which may help the EU and the Member States to become stronger and develop their actions.

5.1 More inclusive and transparent Union

The Union's functioning is based on representative and inclusive democracy. This is fulfilled in the Union in various ways. Finland considers it important that the EU promotes the inclusion of citizens and in increasing the transparency of its action. This way the Union can better respond to citizens' concerns and strengthen its legitimacy.

EU policy-making strives to improve the wellbeing of present and future generations. Consequently, EU actions must acknowledge the perspective of young people, and **young people's participation and inclusion** must be promoted resolutely. Inclusion of young people should take place in an open and accessible manner, utilising the channels used by them.

The **transparency of the EU's decision-making and legislative work** as well as an **open, active and clear communication** strengthen democracy and the participation of citizens, companies and stakeholders, increase trust and accountability and foster good governance. They also contribute to countering disinformation and fake news and make the EU's actions and results understood better.

It is important that **EU regulation** is appropriate, of high quality and clear. Compliance with the principles of subsidiarity and proportionality is essential for the legitimacy and functioning of EU regulation. If objectives can be reached equally well or better at the national level, EU regulation is unnecessary. The EU regulation must be based on reliable and sufficient information as well as on thorough impact assessments. The views of citizens, researchers, organisations, employees and companies as well as of other stakeholders are essential at different stages of EU regulation, from preparation to ex-post assessment. It is necessary to develop forms of consultation that are easily and widely accessible. Consultations must be balanced and adequately comprehensive, considering equality and, for example, the representation of different minorities.

While new regulation is created, it is necessary to critically review older regulation and simplify it, where necessary. It is more and more important to **avoid unnecessary administrative burden** so as to promote economic recovery and new growth. Particular attention should be paid to ensuring the operating conditions of small and medium-sized enterprises. The EU regulation should be examined in a comprehensive manner, considering links between different EU policies. Well-prepared and clear EU regulations also contribute to an effective national implementation, which promotes the realisation of the rights of citizens and companies.

Citizens must be offered opportunities to participate in the debate on the development of the EU, such as the **Conference on the Future of Europe**. Representatives of social partners and civil society, for example, have a key role in promoting citizens' dialogues. The Conference should focus on the implementation of the EU Strategic Agenda 2019–2024 and on policy topics important for citizens, such as the rule of law, climate change and environmental challenges, sustainable growth, social dimension, comprehensive security, migration and the EU's role in the world. Dealing with institutional issues would not bring the dialogue closer to the citizens. The Conference should be launched as soon as possible, considering the COVID-19 pandemic.

5.2 Efficient institutions and decision-making

The EU has grown into a closer community in several sectors. The EU's internal and external integrity and its common institutional framework should be fostered. This is also important to the EU's crisis resilience. Essential principles in the development of the EU include **the equality of the Member States, inter-institutional balance and the central position of the Community method**. The Community method ensures a stable and fair operation of the Union as well as the realisation of democracy in EU decision-making.

Finland welcomes the fact that the **European Council** has over the past years adopted a stronger role in the definition of the EU's general political guidelines and priorities. At the same time, it is necessary to remember that the European Council is not a legislator. It is essential to respect the Community method in individual policy issues.

The key element of the Community method is an independent and operational **Commission**, which makes the necessary initiatives for achieving the set goals and effectively monitors compliance with EU law. The selection procedure of the Commission's President under the EU Treaties guarantees that the President enjoys broad confidence both among the Member States and at the European Parliament. Preserving the actual room for manoeuvre of the European Council in proposing a candidate for the President of the Commission is also important from the perspective of Finland's influence. Finland

considers it necessary that the Commission will also in the future have a member from each Member State.

The **Council** must be able to make decisions efficiently, and therefore it is necessary to make better use of the possibility of qualified majority decisions. Finland is willing to examine the extension of qualified majority decisions in the Council on a case-by-case basis. It would also be important to try to ensure otherwise that individual Member States do not unreasonably prevent the EU from acting towards common goals.

The legal and actual influence of the directly elected **European Parliament** has grown. Ultimately, the Parliament's legitimacy in the eyes of citizens depends on its actions. Finland regards the present electoral procedure for selecting the European Parliament as functional. The use of transnational election lists, for example, would not be appropriate. The issue also involves difficult legal and political questions. The Parliament's legitimacy would be further enhanced if there were a single seat for plenary sessions, a view adopted by the Parliament itself.

Adherence to common rules and an effective implementation of agreed matters are linked with the debate on the EU's legitimacy as well as on solidarity and trust between the Member States. The **European Court of Justice** has a key role in ensuring compliance with EU law. It is important that the Member States implement its decisions effectively.

The inter-institutional balance should not be undermined. Each EU institution has its clear role and responsibilities under the EU Treaties.

Ideas of deepening cooperation between a smaller number of Member States have been expressed from time to time. The EU Treaties allow this kind of enhanced cooperation in certain areas. However, proceeding at the same pace should be the primary objective. Even in areas where progress takes place at different paces, cooperation must remain open to all.

Amendments to the EU Treaties are not topical. At the moment, only a few Member States would be willing to open the Treaties. Finland considers that the main focus in EU activities should be on practical work to promote the EU's key objectives. The present Treaties provide an effective framework for this. The Conference on the Future of Europe will facilitate an exchange of views on the EU's challenges and long-term development needs.

5.3 Functioning EU preparation

Finland demonstrates, through its constructive approach towards achieving **European solutions**, its commitment to the realisation of the EU's common priorities as well as to the development of the Union. This way Finland can also promote its own objectives most effectively.

Finland considers that timely influencing, especially **influencing the Commission**, is important in order to achieve its goals. **Exerting influence** is also carried out **at the Council on different levels**, especially towards the Presidency, as well as **cooperation with like-minded countries**. Finland also promotes a constructive debate on issues dividing the Member States. Solutions are searched for in a composition of Member States that is appropriate in a given situation. This is the best way for promoting both a common solution and national interests. In addition to influencing the Commission and work at the Council, **exerting influence on the European Parliament** is a central part of Finland's EU policy. This is necessary especially in matters involving Finland's national special interest.

It is essential that Finland constantly and actively exerts influence at the EU level and that the experience and contacts acquired during Finland's EU Presidency are made of good use. If there are fewer trips and face-to-face meetings, it is important to ensure other ways of **keeping contact with counterparts in the EU institutions and other Member States**.

The strength of Finland's EU policy is an effective **coordination system**, which helps in ensuring consistent positions on all EU affairs and which is also able to perform under tight schedules and in exceptional situations. The functioning and up-to-dateness of the sub-committee-based system in the preparation of EU affairs is ensured by assessing and developing, where necessary, the operation of EU sub-committees.

It is essential to ensure a good **cooperation with Parliament** and **Parliament's access to adequate and timely information in accordance with the Constitution**. In this respect, it is necessary to examine issues related to Parliamentary communications, in particular.

The possibilities of the **Government of Åland** to exert influence in EU affairs will be safeguarded. It is important that the province can make its views known at an early stage of national preparation.

Changes in EU-level actions must be taken into account in national preparation. The Commission's horizontal initiatives require cross-administrative preparation, careful coordination and impact assessment, which makes it necessary to develop procedures and ensure appropriate resourcing within the Government. Cross-sectoral projects and quick EU measures needed in times of crises also emphasise the need to strengthen the

knowledge of EU law and the counselling and training related to it in the Government. Swift and clear support in EU law questions at different stages and levels of EU preparation requires a close cooperation and efficient use of resources. Participation in cases pending at the European Court of Justice is also important in supporting Finland's EU policy guidelines and influencing the development of the EU's action. Better use will be made of exerting influence on cases pending at the European Court of Justice in EU affairs.

The **changing operating environment and various crises** must also be taken into account by ensuring that personnel resources can be more flexibly allocated to sectors that are topical at a given time and relevant to Finland's priorities.

Particular attention should be devoted to consistent actions for ensuring that Finland receives **adequate allocations** from various EU financing programmes.

5.4 Recruitment of Finns to the EU institutions

Promoting the recruitment of Finns to the EU institutions and agencies is a topical question. It is relevant to the interests of the whole Union and its legitimacy that the officials working in the institutions represent all Member States in as balanced a manner as possible. The relative share of Finns is, however, decreasing rapidly because of retirements. Country-specific recruitment competitions, in particular, would be needed to correct this structural problem that affects different Member States at different points. It is necessary to increase awareness of EU career options and promote them better in Finland, which necessitates increasing cooperation both within the Government and with external actors and strengthening the Government's resources. It is essential to be able to support applicants by providing training, especially in the final stage of recruitment competitions. In addition, a more systematic approach is needed to promote the access of Finns to EU posts central to Finland and to support the career development of Finnish EU officials.

Secondment of national experts to posts at EU institutions that correspond to the priorities of Finland's EU policy is an important part of Finland's EU activities. The **strengthening of the skills of persons responsible for EU preparation** is supported by career development both in the EU institutions and in the Government.

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