

Rules on Industrial Participation

1. Objectives and priorities governing industrial participation

Foreign defence contractors shall observe the following objectives when fulfilling industrial participation obligations (listed in order of preference):

(a) The principal objective of industrial participation is to give Finnish defence related industry full opportunity to participate in the manufacturing of parts, the assembly, the testing etc. of the purchased equipment, as well as getting the necessary knowledge for maintenance and further development of said equipment (direct industrial participation).

(b) Secondly, special attention shall be given to other defence related work to be placed in Finland, as well as to the supply of sophisticated technology to the Finnish defence related industry. In this respect, also products for dual use or related to security of supply may be regarded as defence related.

(c) A third objective of industrial participation is to promote the internationalisation and exports of small and medium-sized industry.

(d) Fourthly, industrial participation can aim at developing transfer of new technology to Finnish industry, or other significant cooperation between Finnish and foreign firms.

(e) With the consent of the Finnish Committee on Industrial Participation (the Committee), industrial participation activities can also be directed towards the creation of new exports of high technology products, or other important international projects of the Finnish industry.

2. Qualifying transactions

In addition to direct industrial participation, a transaction can qualify for industrial participation purposes provided that

1. the transaction pertains to one of the objectives listed above, and
2. the Contractor is instrumental in creating the transaction, instrumentality meaning that the transaction was unlikely to have taken place without the efforts of the Contractor, and
3. the transaction significantly benefits Finnish economic interests and is at least of similar high technical standard as the procurement of the defence material concerned.

Products outside the priority areas, traditional Finnish exports, or continuation of established business relations are not eligible, nor are transactions with an offset value of less than 10.000 euro (EUR).

3. Costs for activities concerning industrial participation

In no event shall the Contractor's costs be borne by a Finnish partner. Also in cases where the Contractor uses the services of a third party the cost shall be born by the Contractor or the third party. However, in specific cases concerning transfer of technology or marketing projects, the Committee may accept that a fixed part of the project costs can be born by the Finnish partner.

4. Evaluation of transactions

Orders for participation in the manufacturing of parts and the assembly of the purchased equipment are assessed to their full value.

Other commercial transactions are normally accepted at the full value of the Finnish content of the contract. Finnish content of the contract includes Finnish material, labour, added value and other elements of Finnish origin. In cases where the Committee finds it justified the value can be less than the full value of the Finnish content.

When a contract value either does not exist or is not representative, the crediting will be assessed by the Committee on the basis of resulting benefits to Finnish economic interests.

When a Finnish partner abroad is involved and no Finnish content exists, crediting can exceptionally be considered and will be assessed by the Committee upon the result of the actual business.

The Committee can apply and approve multipliers to the following indirect industrial participation transactions:

- exports of Finnish defence material (1 - 3)
- exports by an independent Finnish small or medium-sized enterprise, as by EU definition (1 - 3)
- other export transactions (0.3 – 1).

Technology transfer, marketing assistance and other eligible transactions not specifically mentioned above are evaluated by the Committee in each specific case. No multipliers are used in these cases.

In cases of importance the value can be agreed upon in advance between the Contractor and the Committee.

5. Marketing assistance

Marketing assistance is considered as preparatory work for future industrial participation projects, and this will normally not be credited. Marketing assistance costs qualify only when such assistance is specifically quantified and approved in advance by the Committee. The Contractor will report on its activities to the Committee.

6. Value

The value of transactions is recorded in the currency in which the contract was made. In case the claim for credit is presented in an other currency it will be converted at the Euro Foreign Exchange Reference Rates published by the European Central Bank. The value date is the date when the claim was accepted by the Committee.

In exceptional cases, when major exchange rate fluctuations have taken place between the date when the claim was presented and the date when it was accepted, the Committee is prepared to discuss the value date with the Contractor with a view to finding an equitable solution.

7. Procedure

The Contractor shall submit all requests to the Committee. The Contractor can also seek a preliminary opinion from the Committee on the eligibility of a future industrial participation project and the multiplier applicable to it.

A Finnish company can seek a decision in principle on the eligibility of its future projects.

The Committee will make its best efforts to reply to all requests within eight weeks of the reception of the request. A precondition for the decision is that the Finnish company benefiting from the activity has provided the verification requested by the Committee.

The final decision on the acceptability of each transaction lies with the Ministry of Employment and the Economy.

8. Confidentiality

The Ministry of Employment and the Economy, the Committee and the Contractor agree to treat all information received on a confidential basis as strictly confidential. The Ministry undertakes to cause the Committee as well as any other Finnish Authority involved to be bound by the same confidentiality.