You’ve been in Poland six months. What are your impressions of the country?
I have to say that I’ve been impressed by the vitality, effectiveness, the willingness to succeed, to develop, to grow and to expand. I like all the positive elements I have found in Polish society, because most European countries are in recession or even depression. The atmosphere in Europe has been quite negative and worrisome, while in Poland you find optimism and belief in the nation’s future successes. You can see cranes which show that cities are progressing, there are cranes all over Poland. Even if Poland is facing its own challenges, together with the EU, the overall impression of the country that I have is a feeling of optimism.

Have you seen much of the countryside?
One of my first decisions was that you can’t see a new country only from its capital. The capital has its own atmosphere, but to understand the nation you have to travel as much as you can. I, for example, am from Lapland, the northernmost part of Finland and I feel that if you only watch Finland from Helsinki, it won’t give you an accurate picture of the nation. My plan has been that I travel somewhere once a month at least and so far we’ve visited Białystok, Olsztyn, the Tricity, Cieszyn, Poznań, Wrocław and Cracow. We’ve been trying to travel around as much as we can.

How would you summarize Finnish-Polish relations and how do you see them developing in the future?
Finnish-Polish relations have been long-lasting, but they have also been part of Polish-Swedish relations, because Finland was for 700 years part of the Kingdom of Sweden. I am sure you have had a Finnish presence here since the Middle Ages under the Swedish flag. After regaining independence, we were more or less rebuilding...
relations. I think the overall atmosphere is very positive, the two nations’ knowledge of each other is quite good and we are familiar with each other’s special characteristics. Today, we are especially united by the fact that we have both been challenged by our neighbors and the historical events which have shaped our nations and culture. I believe the closest ties we have come from our membership of the EU. It is not a cliché to say that I think we are closer today than ever before, both in the EU and in the Baltic Sea area. The awareness of our willingness and need for further cooperation is there in both capitals and both prime ministers are strong advocates of closer cooperation and relations. I feel privileged by the fact that just before I came here, the prime ministers of the two countries signed a special agreement on a partnership between Poland and Finland. Using this agreement and everything that is in it has been the driving force behind my work. We are now trying to strengthen relations, from the economic aspect to political cooperation, to foreign and security policy. This work is progressing well. There is still a lot of work ahead of us, but the atmosphere and mood are excellent.

The most important challenge is strengthening economic and political ties. In terms of the economy, our bilateral trade is worth roughly 2.7 billion euros and Finland has invested 2 billion euros in Poland. But I do see there is a lot more potential for that and that is why I encourage Finnish companies to come and explore the potential in Poland. I believe that is my main mission.

On the political level, we are trying to look for cooperation in all possible fields. For example, and this is rather unique, the Finnish prime minister has announced that he wants all Finnish ministers to meet once a year with their Polish counterparts. This is a very strong statement of commitment on the Finnish side to the strengthening of the political relations that we have. We are progressing very well in this respect.

During your short tenure in Poland so far, you’ve already achieved some success—saving the famous Finnish Houses in Warsaw. Could you tell us more about this?

I must say that I was surprised to find the Finnish Houses in Warsaw. I came at a time when, after 60 years of peaceful existence, there was a question mark over the future of the Finnish Houses. The city authorities had their own future plans. I am happy to say that we have been able to find an agreement with the Warsaw authorities. They’ve accepted my view that the Finnish Houses are part of Poland’s contemporary history, part of the Polish legacy of rebuilding from ashes after World War II. And they are also a legacy of our unique bilateral relations. We have more or less reached an agreement with the city authorities, which will be confirmed in writing when we sign a declaration together next month. As many houses as possible will be preserved as a museum, a cultural institute and headquarters for NGOs. We will be able to keep this unique part of Polish history as a living part of the city.

What goals would you like to accomplish during your time in Poland?

I will be extremely satisfied if Polish and Finnish trade is higher than today, if there is more Finnish investment in Poland, if there are more Finnish companies that start doing business here. I would be also delighted if there is more Polish investment in Finland and if we can maintain this close political cooperation and dialogue between our prime ministers and governments. I will be delighted if awareness of Finland is better in this country when I leave. As for concrete achievements, I hope that we will have more active Polish-Finnish associations all over the country and an extended network of honorary consulates of Finland in Poland. We have two honorary consulates at the moment and I do hope that, if possible, every single province will have its own honorary Finnish consulate. That is my ambitious plan.

FACTFILE

An estate of Finnish houses was built in 1945 on Jazdów Street in Warsaw alongside the river Vistula. The wooden houses were part of war reparations which Finland was forced to pay to the Soviet Union after World War II. The Soviet authorities handed over the distinctive wooden houses to Poland as homes for employees of the Warsaw Reconstruction Office. Of the original 500 Finnish houses, only 26 are left. The Warsaw city authorities decided to demolish the houses but they were saved after the Finnish ambassador to Warsaw stepped in.
**Finns Honest and Result-Oriented, Survey Shows**

On the whole, many things have changed for the better and there is more awareness of cultural issues that influence business, in addition to better language skills, the survey shows. Another encouraging finding is that Poland’s business environment and the businesses themselves have developed.

Having worked in Finnish-Polish business circles as a coach for 10 years, I have seen many things improve but there are still many challenges. The geographical distance between Finland and Poland is an hour-and-a-half by plane but the mental distance is much greater than one would expect it to be due to differences in history, religion, education, business environment and market practices, to name a few.

In the Business Culture Survey, respondents described Finns as honest people who keep their promises and are hard-working, long-term oriented, skilled and result-focused—though also introvert, non-communicative and inflexible. Poles, in turn, are seen as hard-working as well but short-term oriented, hierarchical, formal, quick decision-makers and not very organized. These views voiced by Finnish and Polish business people should be the best and most reliable source of information as they come from real life.

I have worked with small companies and big corporations in the Finnish-Polish business community and they all seem to have somewhat similar challenges. Most of these challenges involve cultural factors, which cannot be ignored if a business expects sustainable performance and return on investment. Often I wonder why these companies invest so much in having common processes for the sake of consistency rather than local competitive advantage.

Technology is needed for sure, but it is the human factor that really counts. Simple things which we all appreciate like integrity, accountability, trust and respect are easy to say but difficult to deliver. Why? Because we have to look in the mirror and start with ourselves.

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**Informed Decisions: Key to Investment Success**

Since the opening of the Polish market in the 1990s, Poland has been an increasingly safe destination to invest in. However, this does not mean that investing in Poland or in any other country—whether by establishing a distribution network, setting up a subsidiary or purchasing an existing business—is entirely free from business, legal or other risks. In particular, Scandinavian investors sometimes assume that doing business in Poland is similar to doing business in their own country. However, whereas business risk can often be dealt with by investors alone, legal risk requires professional advice.

In my 10 years of advising foreign investors on investing in Poland, I have encountered many situations in which the lack of a lawyer, or engaging a lawyer who did not communicate effectively with the client, led to unfortunate business decisions. Effective communication means language skills but also knowledge of the business sector, of international business standards and standards relating to legal advice.

Therefore, it is recommended that Scandinavian investors consult a lawyer who understands their legal background and mentality before taking important investment decisions or entering into material contracts. Such an advisor can point out the differences—in relation to corporate governance, labor law, takeovers or dealing with the authorities—which distinguish Poland from, for example, Finland or Sweden, and offer solution-oriented thinking, which helps in making the right business decisions.

For more information, go to www.nilssonlegal.com

Dag Nilsson is an attorney at law and partner at Nilsson & Partners. He has a track record of advising foreign investors, including listed companies from Finland and Sweden, on investing in Poland. Before co-founding Nilsson & Partners, he worked in leading international law firms in Warsaw and London, advising on foreign investments and M&As.

www.tikkurila.pl
How big is Finnish investment in Poland?
There is no reliable statistical data on Finnish direct investment in Poland because the central banks of both countries mainly focus on monetary flows but are not really interested in what these mean in practice investment-wise. Our understanding is that Finnish investment in Poland comes close to 2 billion euros, which is slightly more than the Poland’s Foreign Investment and Information Agency (PAIiIZ) estimates it to be.

Finnish companies make an important contribution to the Polish economy in terms of employment, technology and know-how. There are 200 companies controlled by Finnish capital in Poland and they employ 30,000 people.

Finnish companies see Poland as an attractive market for doing business. According to the PAIiIZ, Finland ranks fifth among countries investing in Poland in terms of the number of investment projects under preparation. Finland’s rank is even better if we talk about the value of these projects. The main reasons why Finnish companies consider Poland to be a good location for investment and business are Poland’s dynamic economy; big end-user market as well as high domestic supplier potential, in addition to a hardworking, highly-skilled and relatively cheap work force and the country’s strategic location in Central Europe.

What are the most important areas of business between Poland and Finland, and which sector is the most attractive to Finns?
The Finnish business presence in Poland is remarkable, especially in sectors such as energy, clean technology, machinery, building materials, pulp and paper, telecommunications as well as software and IT services. We should also highlight several shared service and R&D centers which Finnish companies have established to take advantage of Poland’s skilled labor.

Bilateral trade between Poland and Finland is close to 3 billion euros annually. Finland has a relatively high trade surplus with Poland, unlike in the case of other Scandinavian countries, where Poland’s exports exceed imports.

Can you give an example of a big Finnish success story in Poland?
For example, Itella Information is a leading company in the field of financial process outsourcing and was recently rewarded for its investment success by the Polish media. Eltel Networks is a market leader in Poland in electricity and telecommunication network building and maintenance; it has over 3,000 employees. Stora Enso Packaging dominates the corrugated and industrial packaging market in Poland and is finalizing a new investment project with a value of several hundred million euros. Cargotec was a leading investor in the Polish machinery sector two years ago and is now modifying its supplier base to make it more Polish. In the IT service and software sector we have several well-established companies among which Tieto is the most remarkable. Fiskars is a well-known consumer brand for those who like gardening or cooking. We should not forget Finlandia Vodka. Nowadays, it is in American ownership but its products are produced and bottled in Finland. For Finlandia Vodka, Poland is the number one export market worldwide.

Not Just Finlandia Vodka
Kari Vähäkangas, Commercial Counselor and Head of Finpro Poland, talks to Ewa Hancock.

Carl Gustaf Mannerheim: Finland’s Józef Piłsudski
During a recent visit to Poland, Eero Heinäluoma, the Speaker of Finnish parliament (Eduskunta), unveiled a plaque commemorating Carl Gustaf Mannerheim, a Finnish national hero. The plaque, funded by the Finnish embassy in Poland, is mounted on a rock near the Cathedral of the Polish Catholic Church on Szwolężyłow Street in Warsaw.

Mannerheim, a Finnish aristocrat, is regarded by Finns as the father of the modern, independent state of Finland, similarly to how Marshal Józef Piłsudski is seen in Poland.