



Confederation of Finnish Industries EK

# Towards strategic trade partnerships

EK advocates for a trade policy that promotes sustained economic openness, supports the WTO, and seeks enhanced market access for both exports and imports, despite the current geopolitical and geoeconomic challenges that complicate these goals. In such uncertain times, forming strategic partnerships is more crucial than ever.

While legitimate concerns regarding security—including economic security and unfair trade practices—must be addressed seriously, they should not, as a general principle, compromise the integrity of the open trading system.

This paper presents specific recommendations that are significant for Finnish businesses.

## 1. A comprehensive and proactive EU Trade Strategy is needed

- EK considers it important that, in the current geopolitical and economic situation, the EU has a clear trade strategy that comprehensively includes trade policy priorities and enables a proactive EU trade policy.
- EU trade policy has traditionally been framed by the so-called Trade Strategy, the latest of which, Open, Sustainable and Assertive Trade, was published in 2021.
- During the current Commission's term, the priorities of EU trade policy have been addressed in several documents, such as President Von der Leyen's Mission Letters to Commissioners and the EU Competitiveness Compass. Most recently, these elements were tackled in the Economic Security Package published on December 2, 2025.
- Although trade policy priorities are addressed in several different documents, we would find it useful for the EU to create a new comprehensive trade strategy that brings together these various elements and would define and proactively guide EU trade policy.

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## **2. Better balance between the EU's external trade and internal market regulations**

- There still is a clear need for better balance between the EU's external trade and single market regulations, though the current Commission has paid attention to this through its simplification agenda.
- There needs to be proper coordination within the Commission and between the other EU institutions when preparing EU legislation.
- The Commission needs to carry out proper impact assessments on the impact of the EU legislation on European companies' competitiveness including EU trade relations and policy.
- The overall aim must still be in reducing companies' regulatory burden.

## **3. Trade agreements primary focus must be on trade**

- EU trade agreements are important in expanding EU companies' exports and imports and they also play an important role in increasing resilience as they tighten partnerships and diversify supply chains.
- The primary focus in trade agreements must be on lowering duties and removing trade and investment barriers. They should not be overloaded with other policy objectives better pursued through other instruments.
- The EU must do its utmost in getting Mercosur, Mexico and Indonesia trade agreements into force as soon as possible and conclude the negotiations with India and Australia in the coming months. Also, ongoing negotiations with Thailand, Malaysia and the Philippines should be concluded soon.
- EU Trade relations with the Indo-Pacific area must be further strengthened, and we welcome the Commission's recent activities in enhancing structured co-operation with the CPTPP. The possibility of concluding a region-to-region FTA with the CPTPP must be investigated.

## **4. Close cooperation with the United States must continue to eliminate tariffs and strengthen regulatory collaboration**

- The U.S.–EU trade deal made in Turnberry in August is not ideal, but it is still better than no deal at all. While the 15% tariff level for EU products is high, it has provided some predictability for companies and still remains relatively competitive compared to other U.S. trading partners.
- However, the effects vary significantly across industries in Finland. The 50% tariff on steel derivative products poses a severe challenge for Finnish manufacturers, creating major uncertainty. In addition, the ongoing Section 232 investigations—such as those on medicines, medical devices, robotics, and industrial products—are a significant concern for Finnish companies.
- These issues must be resolved swiftly to restore stability and confidence in transatlantic trade, However, any solutions adopted by the EU must safeguard the interest of EU companies and avoid placing them at a disadvantage compared to the US companies. In addition to addressing tariff concerns, deeper transatlantic regulatory cooperation is essential. Such collaboration could enhance global competitiveness and help mitigate the disruptive impact of protectionist measures.

## **5. Relations with China are important**

- The EU should continue to find solution on China's export controls on critical raw materials. In the short term, it is important to have general licences for exporting critical raw materials and magnets from China to the EU and to guarantee China does not implement the expansion of export restrictions, including extraterritoriality, after the one-year delay.

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- China's market-distorting practices should be tried to tackle through constructive dialogue. Trade defense instruments may be applied, if necessary, but their use should be carefully considered.

## **6. EU Steel Regulation: A balanced outcome for both producers and users must be achieved**

- The EU Council and the European Parliament are currently considering a regulation aimed at strengthening the protection of the EU steel industry against the harm caused by global overcapacity. The proposal halves the steel import quota and raises the tariff on imports exceeding the quota to 50 percent from the current 25 percent.
- These measures divide opinions between steel users and producers, both of whom have highly relevant concerns. EK emphasizes that the proposed measures must be proportionate and balanced from the perspective of both steel producers and steel-using industries.
- We believe that the Commission should have prepared a *more comprehensive* impact assessment, taking into account the *combined effects* of this proposal, the Carbon Border Adjustment Mechanism (CBAM), and existing anti-dumping and countervailing duties on the EU steel market. EK also stresses the need to monitor market and price developments and production and adjust quotas and tariffs if necessary. Furthermore, it is essential to ensure that the measures comply with the EU's international obligations, including WTO agreements and bilateral trade agreements.
- It is essential that such protective measures must not become a permanent practice. They should only be applied on a case-by-case basis, following thorough consideration and a comprehensive impact assessment.

## **7. In economic security overreaction must be avoided**

- Economic security and the management of critical dependencies are important for maintaining the overall safety and security of supply in the EU. However, it is important to avoid overreaction as most of the global trade and investments are safe. Attention must also be paid to trade agreements and other international partnerships as they enhance economic security.
- When considering a new EU regulation affecting companies, the Commission must carry out a careful impact assessment incl. risk assessment at an early stage.
- In principle, the EU should not restrict or monitor outward going investments. Economic security goals should be achieved through a voluntary arrangement, and it should focus only on the most critical technologies.

## **8. Fast-track for removal of EUR 150 duty exemption**

- The current duty exemption for under EUR 150 consignments imported into the EU must be removed as soon as possible during 2026 and we welcome the decision made by the EU with this regard. This will eliminate the current unequal advantage non-EU companies have vis-à-vis the EU companies especially in consumer business.

## **9. Investment protection agreements deadlock needs to be resolved**

- European companies need at least the same level of investment protection for their investments outside the EU as investors from other countries such as the U.S. and China. As a result of difficulties in ratification of the EU-level investment protection agreements, the investment protection of the European companies has started to weaken.

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- The Commission, together with the Member States, should without delay draw up an action plan on how to resolve the deadlock in EU-level investment protection agreements. During the interim period, the Commission must be flexible in allowing Member States to negotiate investment protection agreements bilaterally with third countries.

## **10. Sanctions policies to be strengthened**

- In general, we are concerned that sanctions and export controls are increasingly being used as policy tools in a geopolitical rivalry, and that this has negative effects on Finnish companies.
- We support EU's sanction policy against Russia. The EU should move to qualified majority voting in its decision-making on sanctions.
- To better prevent sanctions circumvention, the EU must introduce end-user checks carried out in the target countries. In this regard, the EU must strengthen its cooperation with the G7 and other like-minded countries.
- When preparing sanctions, the Commission must better ensure that companies can comply with sanctions in practice. To ensure this, the Commission must carry out an article-by-article impact assessment.
- We welcome a permanent SME sanctions due diligence helpdesk established in 2025. Functionality of the desk must be assured to support SMEs in their due diligence processes when entering new markets and customer relations.

## **11. The EU needs a comprehensive short- and medium-term reconstruction plan to support Ukraine in its recovery and path to EU membership**

- The EU's strong support for Ukraine must continue for as long as is necessary to ensure its survival, sovereignty, recovery, and integration into the EU.
- Based on the needs identified by Ukraine in the Ukraine Plan, we invite the European Commission to establish a comprehensive and structured EU Reconstruction Plan for Ukraine, This would include a clear and strategic European solution offer for infrastructure and defense needs based on the European technical standards and aim to accelerate Ukraine's integration to the EU.
- The reconstruction needs in Ukraine are already estimated above EUR 500 billion, and the EU needs to show its significant commitment to the process.
- In the EU's next Multiannual Financial Framework (MFF 2028-2034), the funding reserved for Ukraine must be strengthened. The proposed ambitious level of funding for the Ukraine Reserve (€89 bn) must be maintained as the MFF negotiations proceed. A more significant share of the funding needs to be allocated to reconstruction investments, via the Ukraine Investment Framework or similar future instrument.
- The remaining funds of the current €9.3 billion Ukraine Investment Framework (UIF) should focus on immediate reconstruction needs. To accelerate project implementation and strengthen the role of European businesses, Export Credit Agencies (ECAs) should be integrated as *permanent* delivery channels for both current and future EU financial instruments for Ukraine, alongside International Financial Institutions (IFIs) and national Development Finance Institutions (DFIs).
- In order to deepen EU-Ukraine business ties and for EU companies to be better able to take part in reconstruction projects, the Commission should create an EU Business Consortium Mechanism. The mechanism would ensure a Team Europe approach and coordination and promote European-led reconstruction projects.

## 12. Global Gateway

- The aim of the EU is to bring Global Gateway to a new level. Global Gateway is the EU's central development financing instrument aiming at mobilizing up to EUR 300 billion investments in sustainable and high-quality projects in partner countries. This will, when implemented effectively, result both as significant development impact for target countries and business opportunities for EU companies.
- In addition to the International Finance Institutions (IFIs) and national Development Finance Institutions (DFIs), we have understood Export Credit Agencies (ECAs) are also becoming permanent channels for Global Gateway funding schemes. We consider this development important as it is vital in encouraging further participation of European companies in Global Gateway projects.
- Global Gateway must be brought closer to EU companies incl. SMEs and increase their understanding of how companies can use the instrument. This should be done by addressing more instruments via Development Finance Institutions (DFIs) and Export Credit Agencies (ECAs) of the EU member states.
- EU Business Consortium Mechanism should be established to promote Global Gateway investment projects, to create European consortiums and competitive full-scale offerings as a Team Europe.

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