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The economic dependencies of Finland and the European Union on the United States

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17 • 2025

Juuso Kaaresvirta, Riikka Nuutilainen and Juho Pitkäranta

The economic dependencies of Finland and the European Union on the United States

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Juuso Kaaresvirta, Riikka Nuutilainen and Juho Pitkäranta:
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Juuso Kaaresvirta, Riikka Nuutilainen and Juho Pitkäranta

The economic dependencies of Finland and the European Union on the United States

Abstract

This policy brief considers the economic dependencies of Finland and the European Union on the United States. We seek to provide an overview of dependencies related to foreign trade, direct investment and finance, excluding closely related topics such as technological dependencies. The US is a long-standing European ally, and economic exchange between the two blocs remains vibrant and broad-based. All lines of analysis in this brief suggest that Finland and the EU as a whole are economically dependent on the US, with the US playing a particularly pronounced role in services trade and financing.

Keywords: United States, Finland, EU, foreign trade, direct investment, foreign affiliates, financial sector, dependence

1. Introduction

In recent years, the interdependencies of countries have gained much attention in Europe. Significant dependencies, especially those involving Chinese production, were laid bare by the covid-19 pandemic. The Russia's illegal full-scale assault on Ukraine forced Europe to sever most of its economic ties with Russia, which increased concerns that similar measures might one day be necessary with China, prompting several reports on Finland's and the EU's dependencies on China.[1] Given the recent turmoil in US foreign policy and increased uncertainty about the future, there has been heightened interest in also examining transatlantic dependencies.

For decades the United States has been Europe's most important ally, with broad-based cooperation running deep. From an economic standpoint, the United States is the European Union's most important partner. The US is the EU's most important export market, and Finland's most important market outside the EU. Numerous Finnish and other European firms operate in the US, and many American firms operate in Europe, including Finland. The financial sectors of Europe and the US are tightly intertwined, with the US dollar long established as the dominant currency in global financial markets. In addition to close economic relations, the US has long been a leader in research and development, boasting numerous top universities and some of the planet's largest technology firms, the output of which most of us rely on daily (e.g. operating systems and software). The US is also the world's largest military power and a core member of the North Atlantic Treaty Organization (NATO).

The purpose of this brief is to highlight the economic dependencies of Finland and the European Union on the United States, as well as create an overview of these dependencies based on publicly available information. The overview provided by available statistical information is useful in scoping the magnitude of dependencies, but it is limited by the complexity of international production chains and financing, as well as the challenges involved in assessing the relative importance of

[1] See e.g. Kaaresvirta, Kerola and Nuutilainen (2023), Kaaresvirta and Nuutilainen (2025), as well as Laakkonen, Haapea and Kuosmanen (2023).

specific products and services. We have deliberately restricted the discussion to economic perspectives. Given of the closeness of EU-US relations and US-Finland relations, however, it is clear that the dependencies extend far beyond the economic sphere.

Following the introduction, we look at what foreign trade statistics reveal about these dependencies. In the next section, we develop an overview using value-added foreign trade data to discuss trade in goods and services, including delving into details for specific goods trade items. In section 3, we consider foreign direct investment between the regions, as well as the operations of European-owned affiliates in the US, and American-owned affiliates in Europe. In section 4, we consider financial sector linkages and the role of the dollar. Section 5 concludes.

2. Foreign trade

Foreign trade statistics make it possible to detect international trade flows of goods and services. In particular, detailed statistics are collected on international flows of goods. Customs agencies record each good's transit of national boundaries, allowing them to publish specific information concerning the type, value, and quantity of goods crossing the border, as well as the stated origins and destinations of products. While trade figures compiled by customs authorities offer a fairly accurate picture, they come with caveats. For starters, they do not show the country of origin of various components used to produce a finished good. As an example, Finnish Customs records a car as imported from the US, even if none of the car parts were actually produced in the US. Moreover, customs figures do not necessarily reveal the ultimate destination of the exported goods. If Finland exports auto parts to Germany to be assembled into a car exported to the US, Finnish Customs figures only list the goods as exports to Germany. A similar situation may arise when products are exported to an intermediate storage or logistics facility in a third country. Information about the re-export or the ultimate destination of the product might not reach the statistical agency in the country of origin. Finally, while Finnish Customs reports the country of origin for imports, the actual country of origin may not be correctly recorded in every case. For example, Finnish Customs figures show Finland imports

considerable amount of goods from the Netherlands. A share of these imports are likely goods that only passed through a Dutch port, particularly the massive Port of Rotterdam, through which many goods enter Europe. Despite their shortcomings, customs figures provide useful insights into bilateral relations in goods trade.

Unfortunately, there is much less information available about trade in services than about trade in goods. Services move much more freely than goods, making data collection difficult. Moreover, a large share of services trade takes place within corporate groups, typically between headquarters and subsidiaries, making it challenging to value service exchanges and collect the data. Collection of services trade statistics on tourism, for example, requires surveying individual tourists on the amounts of money they spent during their visit. Statistics Finland is the agency responsible for compiling services trade figures for Finland as part the country's balance-of-payments recording.

The methodology for compiling goods trade data for balance-of-payments reporting differs somewhat from that used in compiling customs figures.[2] Distinguishing the values separately as goods and services in the data is also difficult as export and import items are often a blend of goods (e.g. equipment) and services (e.g. software and equipment maintenance). The value of goods trade in the compilation of balance-of-payments figures also differs from customs figures in e.g. that balance-of-payments figures do not take into account the freighting costs of imports. These are recorded separately under services as transport costs. Moreover, in addition to physical exports from the country of origin, balance-of-payments goods exports also include factoryless goods production.[3] Balance-of-payment statistics are based on changes of ownership, while customs statistics are based on goods crossing borders.

Foreign trade statistics based on value added seek to trace the value-added component of a product or service for each country through the use of input-output

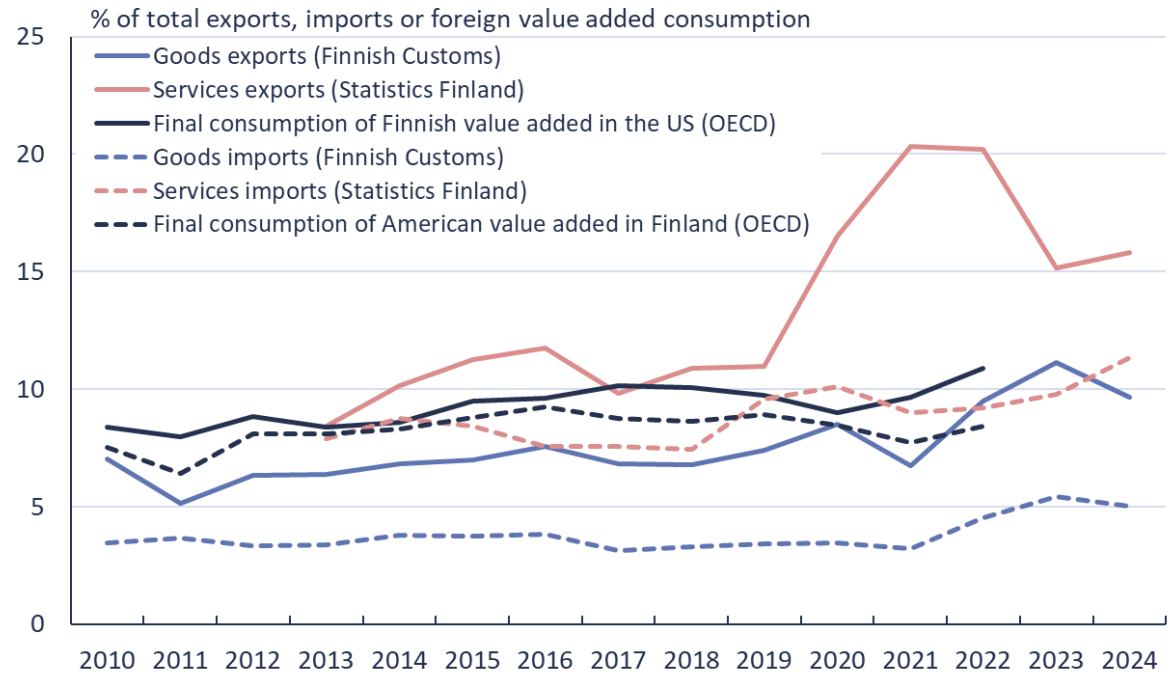
[2] For more, see Differences between balance of payments and foreign trade statistics, Eurostat statistical working paper.

[3] Factoryless production refers to production recorded as domestic exports when a domestic firm produces entirely in outsourced factories and exports from abroad to abroad. The organisation of production, including R&D, as well as sales and marketing, take place in the home country. Factoryless production is common in production of high-tech products, where the lion's share of the product's value represents inputs other than raw material costs.

tables. Using this approach, it is possible to understand, where geographically the value-added contributions of goods and services occur. The figures for trade in value-added terms are fairly crude and subject to long delays in their collection. For example, the datasets in the widely used Trade in Value-Added (TiVA) database by the Organisation for Economic Cooperation and Development (OECD), only extend through 2022. Statistical data on value-added trade, however, are useful in expressing a general overview of trade relations between nations.

Figure 1 presents the US share of Finland's foreign trade based on multiple data sources. The United States is one of Finland's most important trading partners. In 2024, nearly 10 % of Finland's goods exports and 16 % of services exports went to the US. In value-added terms, almost 11 % of the value added exported from Finland in 2022 was ultimately consumed in the US. The US, in turn, accounted for 5 % of Finland's goods imports and 11 % of services imports in 2024, while over 8 % of the ultimate value added consumed in Finland came from the US in 2022. Thus, the United States is a very important trading partner for Finland, especially in services trade, and even with slight fluctuations from year to year, the US share of Finnish imports and exports has grown overall in recent years.

Figure 1. Finland-US trade

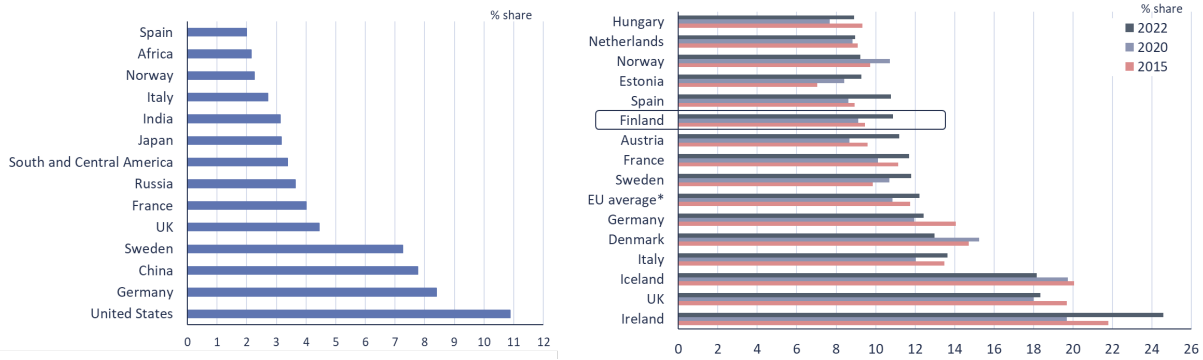


Sources: Statistics Finland, Finnish Customs, UN Comtrade, Eurostat, OECD and Bank of Finland.

2.1. Breakdown of foreign trade in terms of value added

TiVA figures show that 72 % of all value added produced in Finland in 2022 was consumed in Finland, while 28 % was exported (final consumption abroad). Foreign trade is clearly important for Finland's small, open economy. For the EU as a whole, the internal market is somewhat more significant as only 19 % of the produced value added ends up consumed outside the EU. The US by far is the largest foreign consumer of Finnish and EU value added. In 2022, 3.1 % of all value added produced in Finland was consumed in the US. Of the Finnish value added consumed abroad, the US accounted for nearly 11 % (Figure 2, left panel). However, the EU's internal market collectively is a substantially larger market area, consuming nearly 40 % of the value added exported from Finland.

Figure 2. Final consumption of Finnish value added exported abroad by country in 2022 (left); US share of final consumption of value-added exported abroad by select European countries (right)



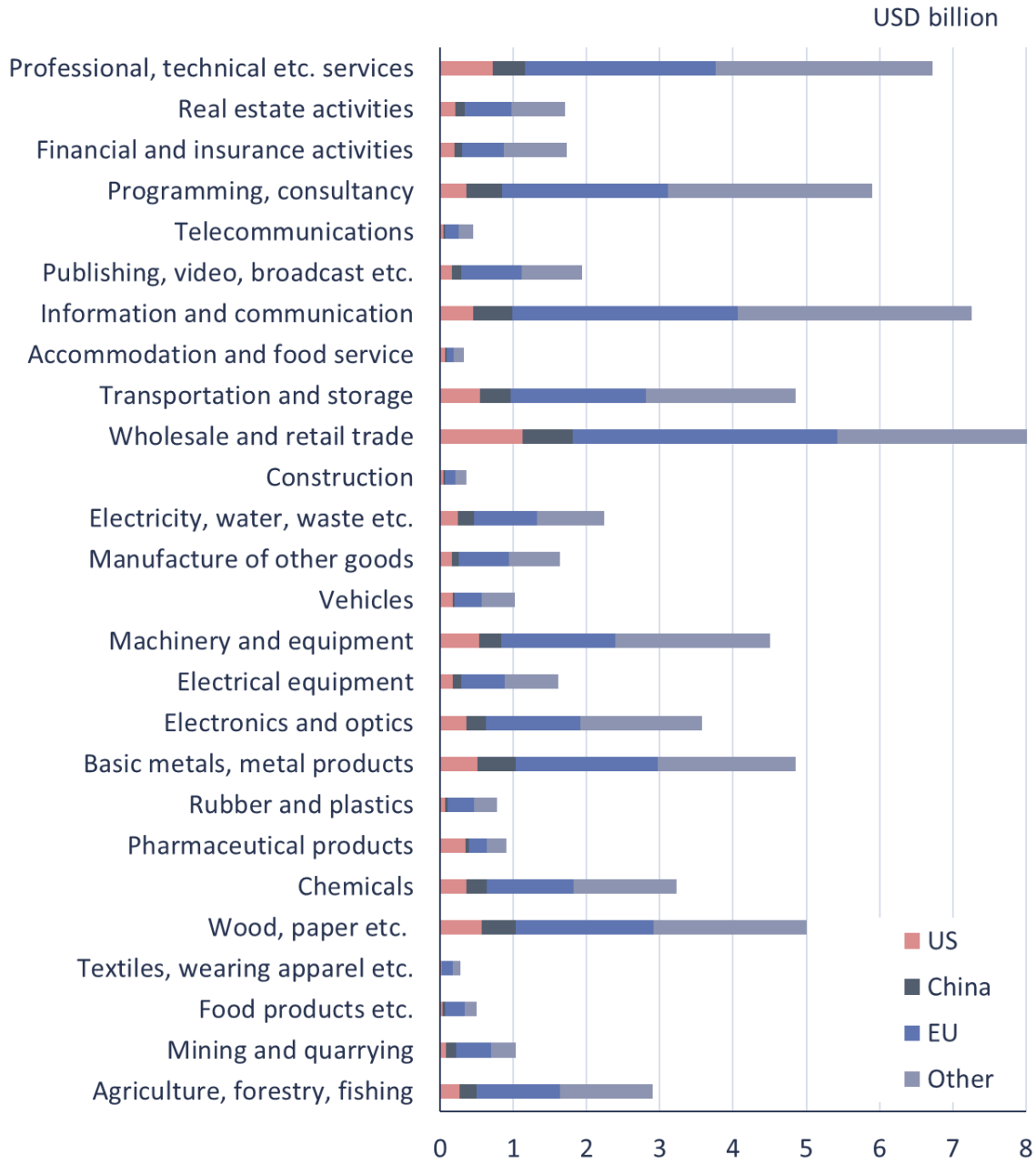
*) Weighted average. Includes EU internal trade for comparison.
Sources: OECD TiVA and Bank of Finland.

The United States is an important market for all European countries (Figure 2, right panel). The US accounts for a larger share of the foreign final consumption of value added in Germany, France and Italy, the EU's largest economies, than in Finland. Moreover, a larger share of Swedish value added ultimately reaches the US market. It is worth noting that the significance of the US as an end market for Finnish and European value added has grown in recent years.

OECD value-added statistics, which are available by sector, reveal that the US is important for all sectors of the Finnish economy (Figure 3), with typically 5–

15 % of a given sector's exported value added consumed in the US. The biggest outlier is Finland's pharmaceutical industry, for which the US is an extremely important market area. In 2022, 38 % of the Finnish pharmaceutical industry's exported value added went to the US. Finnish vehicle producers also enjoyed a slightly outsized share for US final consumption of value added (17 %). At the EU level, the sector-specific picture is very similar. The United States is important for all sectors, but exceptionally important for the pharmaceutical industry.

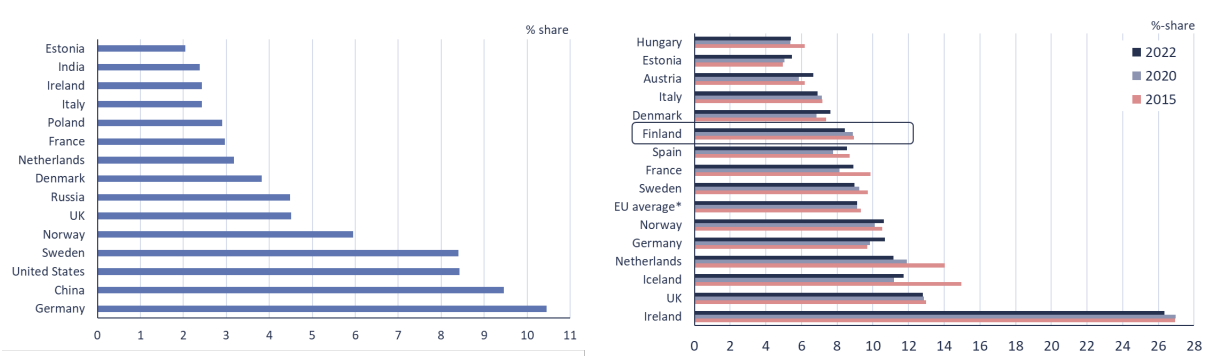
Figure 3. Finnish value-added consumption abroad in 2022 by industry



Sources: OECD and Bank of Finland.

When we examine the value added consumed in Finland and other EU countries, the United States again is a major source (Figure 4). In 2022, Finland imported third most value added from the US after Germany and China for final consumption. Also the EU as a whole consumed slightly more Chinese value-added than American value added in 2022. The consumption of American value-added in both Finland and the EU overall has remained fairly stable, while the consumption of Chinese value added has been on a clear upward trend. Compared to other European countries, Finland does not consume an exceptional amount of American value added, as the US share in Finnish value added imports from abroad is slightly lower than the EU average.

Figure 4. Final consumption of foreign value-added in Finland by source country in 2022 (left); Final consumption of US value added by select European countries (right)



*) Weighted average. Includes EU internal trade for comparison.
Sources: OECD TiVA and the Bank of Finland.

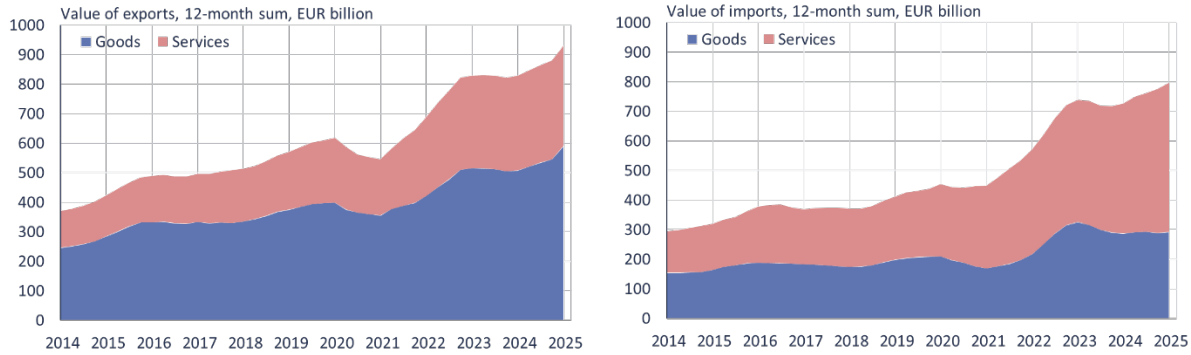
The importance of the US for Finland and the EU as a source of added value is especially high in the service sector. American value added plays an important role, especially in aerospace, the IT sector, professional, scientific and technical activities, administrative services, financing and audiovisual services. The share of American value added in manufacturing is particularly significant for the chemicals industry.

2.2. Foreign trade in balance-of-payments and services trade

Balance-of-payments figures show that the importance of United States in foreign trade has grown for both the EU and Finland. In 2024, the US accounted for 22 % of EU's extra-EU exports and imports of goods and services (in 2014, the share was 16 % of exports and 14 % of imports). At the same time, the share of services has

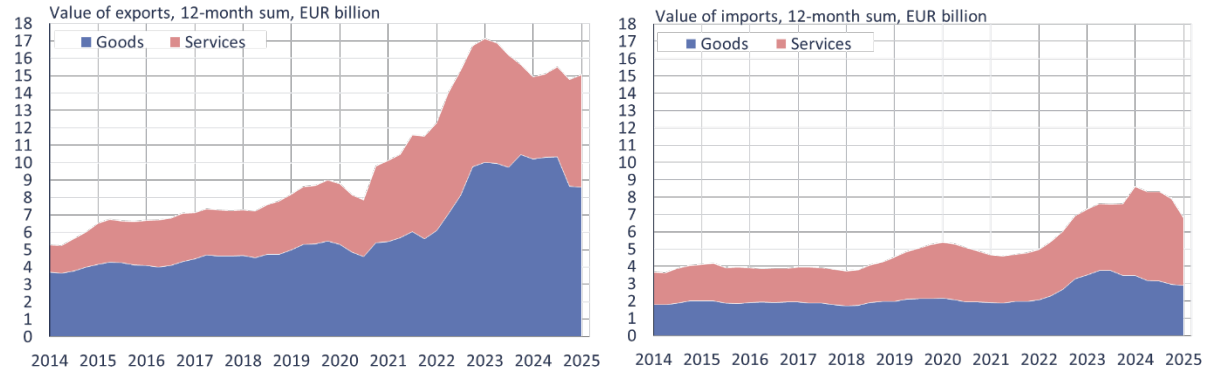
grown especially for US imports. 63 % of EU imports from the US in 2024 were services. The share of services in exports was 38 %.

Figure 5. Value of EU goods and services exports to US (left) and imports from US (right)



Sources: Eurostat and Macrobond.

Figure 6. Value of Finland's goods and services exports to US (left) and imports from US (right)



Source: Statistics Finland.

The situation is similar for Finland. 12 % of Finnish exports of goods and services in 2024 went to the US (8 % in 2014), while 7 % of Finland's imports of goods and services came from the US (5 % in 2014). Balance-of-payments figures show Finnish exports to the US have increased dramatically since 2022. In 2024, the value of exports of goods and services was 14.8 billion euros and imports 7.9 billion euros, leaving a surplus of 6.9 billion euros. Services accounted for 41 % of US exports and 62 % of US imports.

The most significant categories in service trade with the US are computer services, intellectual property (IP) usage charges (including franchise and license fees) and professional and management consulting services. Goods trade-related

transport services and tourism account for a smaller share than in service trade on average.

Table 1. Shares of service trade categories in US imports and exports, as well as US share of total service imports and exports in 2022–2024, %

	US share of imports		Share of US imports		US share of exports		Share of US exports	
Services category	EU	Finland	EU	Finland	EU	Finland	EU	Finland
Manufacturing services on physical inputs	24.1	3.7	1.4	1.7	11.0	2.8	1.3	1.0
Maintenance and repair services	39.3	8.5	1.8	0.9	29.5	13.0	2.9	1.7
Transport	15.0	10.4	7.6	12.1	17.8	5.0	14.9	3.8
Travel	12.7	9.1	3.5	6.8	18.0	7.6	9.7	4.6
Construction	9.2	0.9	0.1	0.0	10.9	0.4	0.4	0.0
Insurance and pension services	18.6	14.9	1.4	1.2	28.9	0.0	3.4	0.0
Financial services	25.2	6.0	4.8	1.0	16.4	4.1	5.2	0.4
Charges for the use of intellectual property	76.1	15.6	38.1	2.2	33.4	24.3	10.8	14.1
Telecommunications services	23.3	14.7	0.8	0.6	28.1	7.4	1.6	0.2
Computer services	38.6	17.3	7.9	14.8	20.4	30.8	16.9	58.5
Information services	35.3	32.8	0.7	0.9	19.7	5.3	0.8	0.1
Research and development services	50.3	52.0	10.9	33.8	43.7	31.4	8.8	6.2
Professional and management consulting	38.4	15.6	13.7	10.3	28.3	9.1	11.1	3.8
Other services	17.9	10.7	7.2	13.5	19.3	6.2	12.3	5.6
SERVICES TOTAL	34.4	10.1	100.0	100.0	22.0	17.0	100.0	100.0

Sources: Eurostat, Statistics Finland and Bank of Finland.

Nearly 40 % of EU service imports from the US are IP usage fees, with the US accounting for over three-quarters of all imports of such services in 2022–2024 (Table 1). These include franchise and trademark licensing services, patents, as well as licences for the use of software and audiovisual products. More detailed subcategories are classified in EU statistics. Nearly 40 % of professional and management consulting services are imported from the US, with the bulk of such services involving legal, accounting, management consulting, and public relations services. The EU exports a considerable amount of computer services, including software. These export subcategories to the US are also classified.

A third of Finland's services imports from the US are R&D services, that include commercial research and other testing and product development that may lead to patents. The bulk of Finnish services exports to the US are computer services. The category includes software, as well as hardware development and installation, technical support, administration and related maintenance services. Items in these subcategories are classified for the US. The US is also a significant market for exports of Finnish R&D services, as well as intellectual property, of which the largest export subcategory is revenues from user licences for R&D outcomes.

Finland's services exports to the US increased rapidly in 2022–2023, after which the value of exports has decreased to some extent. During 2022–2023, exports of R&D services and other business services showed particularly robust growth.

2.3. Detailed breakdown of goods trade based on customs data

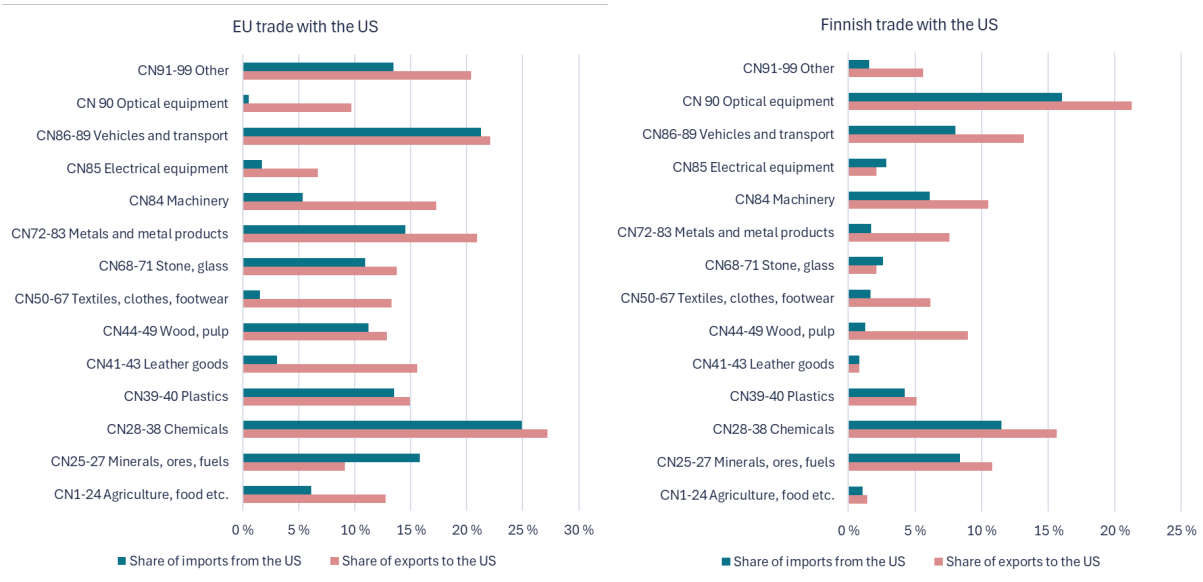
We now turn our attention to specific goods subcategories in US foreign trade with Finland and the EU. As such product-specific examination relies on the data collected by customs authorities, it is worth noting, unlike in the above discussion, customs data is based on the declared value of all goods crossing the border. As a result, it is not possible to draw direct conclusions about e.g. the value added produced or consumed in Finland or the structure of production chains. For example, if a product produced in the US included Chinese components and Chinese value added, that information would not appear in customs figures. Moreover, even if all goods crossing the border are mentioned in the customs data, not all of the goods are necessarily sold or bought. For example, for both Finland and the EU in general, export goods in the spacecraft subcategory (CN880260) are heavily focused on the US, because a substantial number of satellites are sent to the US solely for launch purposes. They are not usually being sold to US buyers. When considering Finland's goods imports and exports, it is also worth noting that goods moving between Finland and the US sometimes transit other EU countries. If a good is subject to further processing in another EU country before it is exported to the US, it only appears that the good moved between Finland and the other EU country in question, not between Finland and the US.

Our classifications here are based on the 2-digit and 6-digit levels of the international Harmonized System (HS) and Europe's Combined Nomenclature (CN) standardised codes used by customs authorities. To create a general overview, we limit our assessment to the 2024 figures, a recent year in which not classification changes occurred that might affect comparability. In Finnish data used here are taken from collected Finnish Customs data, while the EU figures draw on the Eurostat database.

In sketching out a rough overview, we first consider import and export figures at the 2-digit product category level. In Finland's case, we note that the largest categories in both exports and imports are optical equipment (CN90), products of the chemical industries (CN28-38); in imports mineral products, ores, and mineral fuels (CN25-27); and in exports vehicles and transport equipment (CN86-89). For the EU as whole, the largest categories in export and imports are chemicals (CN28-38) and vehicles and transport equipment (CN86-89); in exports, miscellaneous (CN91-99); and in imports, mineral products, ores and mineral fuels (CN25-27).

What emerges from the above discussion is that the most important subcategories in goods imports and exports are quite similar for both Finland and the EU as a whole. Further, we note that the same goods groups under the 2-digit classification have large footprints in both imports and exports. This suggests that production chains for goods trade run both ways – intermediate products head out in one direction and the returning goods come back finished or with higher value added.

Figure 7. Share of Finland's and EU goods trade with the US in 2024



Sources: Finnish Customs, Eurostat.

We now consider the export and import goods dependencies of Finland, the EU and the US at the more granular 6-digit level. In Finland's case, we omit export and import subcategories with total export or import values of less than 1 million euros.

Correspondingly, our minimum for the EU figures is 100 million euros. In both instances, this leaves about 10 % of the product subcategories with significant (non-zero) values in either imports or exports to the US.

Table 2 presents the CN6 subcategories where the US dominates in Finland's imports. Among the most significant are acyclic hydrocarbons (CN290110), which represent over 240 million euros in imports in 2024 (99.4 % of Finland total imports in this subcategory), as well as pine oil (CN380300) at nearly 180 million euros (72.9 % of imports). It is worth noting that a many of the goods categories listed are commodities with quite low degree of processing, particularly for the chemicals and machining industries. The farthest right column also show that the US share of global exports varies greatly across these categories. Over 80 % of the global trade in acylic hydrocarbons comes from the US, which suggests it might be difficult to find alternative sources outside the US. In some other goods, like for example in cumene less than 7 % of global trade comes from the US. Even if Finland's entire supply of cumene nowadays comes from the US, there are clearly alternative cumene suppliers available.

Table 2. Import categories where Finland is dependent on imports from the US

CN6	Item	Total imports, € million	Imports from the US, € million	Imports from the US, % share	US share of world exports, %
840610	Steam turbines for marine propulsion	8.8	8.8	100.0	30.0
290270	Cumene	3.1	3.1	100.0	7.0
290110	Acyclic hydrocarbons, saturated	246.0	244.4	99.4	80.6
880510	Aircraft launching and deck-arrestor gear and parts the	3.3	3.2	98.5	49.9
271311	Petroleum coke, not calcined	11.5	10.9	94.6	73.3
740329	Copper alloys unwrought (excl. copper-zinc base alloys	51.5	48.5	94.2	7.5
291419	Acyclic ketones, without other oxygen function (excl. a	1.1	1.0	93.7	23.4
750890	Articles of nickel, n.e.s.	12.6	11.6	92.1	44.1
340420	Polyoxyethylene [polyethylene glycol] waxes	2.1	1.8	88.6	4.7
711019	Platinum, in semi-manufactured forms	5.1	4.4	86.6	5.6

Sources: Finnish Customs and Comtrade.

Table 3 shows Finland's goods exports to the US in items where the share of US is the largest. The major items include rotary piston and spark-ignition impact pistons engines (CN840790) with US exports of 89 million euros (86.9 % of total exports), as well as toxins and microorganism cultures (CN300249) with exports of 47 million euros (93.4 %). Just outside the table is a major export item, medical and surgical equipment (CN901890) with exports valued at 920 million euros (56.4 %). It is worth

noting that like with imports, export dependencies with the US are emerging in the chemical and mechanical engineering industries. In exports, the degree of processing in product groups seems higher than for imports, which might indicate the previously mentioned back-and-forth production chain structure. The last column in the table shows that the US accounted for a significant share of global imports in these products, but not to the extreme levels as in the case of Finnish imports.

Table 3. Export categories where Finland is dependent on US imports

CN6	Item	Total exports, € million	Exports to the US, € million	Exports to the US, % share	US share of world imports, %
880260	Spacecraft; (including satellites) and suborbital and spacecraft la	36.0	36.0	100.0	11.9
300259	Cell cultures, whether or not modified; other cell cultures not incl	12.4	12.3	99.6	70.6
740610	Copper; powders of non-lamellar structure	1.4	1.4	99.3	45.9
293090	Organo-sulphur compounds	21.6	20.3	93.7	36.4
300249	Toxins, cultures of micro-organisms (excluding yeasts) and simila	47.3	44.2	93.4	53.1
600535	Fabrics; warp knit (including those made on galloon knitting mach	1.4	1.3	93.0	28.6
840790	Engines; rotary internal combustion piston engines, for other than	88.9	77.3	86.9	59.7
970191	Paintings, drawings and pastels; executed entirely by hand, other	1.3	1.0	76.4	95.0
901180	Microscopes, compound optical; (other than stereoscopic and m	27.7	19.5	70.3	63.0
731100	Containers for compressed or liquefied gas, of iron or steel	7.0	4.5	64.0	43.8

Sources: Finnish Customs and Comtrade.

Table 4 presents the goods subcategories where the EU is most dependent on imports from the US. In 2024, the EU's almonds (CN080212) imports were 1.0 billion euros and 92.6 % of them came from the US, EU imported 740 million euros in pistachios (CN80251) of which 95.7 % came from the US, as well as 576 million euros of human and animal blood (CN300290) of which 90.8 % came from the US. Unlike with Finnish imports, goods import dependencies on the US at the EU level tend to involve certain agricultural product, but the chemicals industry is also well represented in the table. As can be seen from the fourth column, the US share of global exports is significant in all these commodity subcategories.

Table 4. Categories where the EU is dependent on imports from the US

CN6	Item	Total imports, € million	Imports from the US, € million	Imports from the US, % share	US share of world exports, %
291020	Epoxides, epoxyalcohols, epoxyphenols and epoxyeth	115.3	115.0	99.7	21.8
481039	Kraft paper and paperboard; coated with kaolin or oth	135.8	130.7	96.3	84.5
080251	Nuts, edible; pistachios, fresh or dried, in shell	742.4	710.8	95.7	82.9
441600	Wood; casks, barrels, vats, tubs and other coopers' p	145.8	135.9	93.2	33.9
080212	Nuts, edible; almonds, fresh or dried, shelled	999.6	925.8	92.6	65.7
370500	Photographic plates and film; exposed and developed	477.1	437.5	91.7	49.2
380300	Chemical products; tall oil, whether or not refined	154.3	141.1	91.4	63.4
300290	Human blood; animal blood prepared for therapeutic,	575.8	522.6	90.8	53.2
391211	Cellulose acetates; non-plasticised, in primary forms	141.3	127.8	90.5	87.0
300251	Cell cultures, whether or not modified; cell therapy pr	377.8	338.2	89.5	38.1

Sources: Eurostat and Comtrade.

Table 5 shows the product categories for EU goods exports, where the US is the largest market. Key items include polypeptide hormones, protein hormones and glycoprotein hormone (CN293719)[4] (88.5 % of EU exports was exported to the US), of immunological products (CN300214) (92.6 %), as well as heterocylic compounds (CN293359) (82.6 %). Notably, the US seems to be very important export market for EU's high-valued-added chemicals industry. The EU's dependence on shipments to the US is highlighted by the fact that the US dominates not only imports from the EU, but the entire world.

Table 5. Categories where the EU is dependent on exports to the US

CN6	Item	Total exports, € million	Exports to the US, € million	Exports to the US, % share	US share of world imports, %
300214	Immunological products, mixed, not put up in measured	12 486.3	11 567.2	92.6	99.2
811231	Hafnium and articles thereof; unwrought, powders, was	135.0	123.8	91.7	90.0
290243	Cyclic hydrocarbons; p-xylene	188.2	169.9	90.3	78.6
293719	Polypeptide hormones, protein hormones and glycopro	16 340.5	14 460.8	88.5	99.3
293359	Heterocyclic compounds; containing a pyrimidine ring (	7 323.0	6 049.9	82.6	88.2
290514	Alcohols; saturated monohydric, butanols excluding ite	130.6	106.0	81.2	78.8
930520	Firearms; parts and accessories, of shotguns or rifles o	130.8	101.3	77.5	82.5
880260	Spacecraft; (including satellites) and suborbital and sp	1 223.2	946.7	77.4	11.9
850133	Electric motors and generators; DC, of an output excee	166.9	122.6	73.4	64.5
930320	Firearms; sporting, hunting or target-shooting shotguns	271.2	195.8	72.2	85.9

Sources: Eurostat and Comtrade.

As demonstrated in the above analyses, the dependencies of both Finnish and EU goods trade comprise similar sectors for both imports and exports. Generally speaking, imports of Finland and the EU from the US seem to involve products with lower

[4] This category does not include growth hormones or insulin.

degree of processing. These products come mainly from the chemicals industry, machine-building or agriculture. The exports of Finland and the EU to the US, involve the same industries, but are characterised by products with a high degree of processing. In the case of chemical industry products, which are particularly important for EU exports, it should be noted that the US accounts for a large share of total global imports, so finding alternative markets could be challenging. These factors highlight the fact that trade dependencies in goods are not a necessary negative thing. Indeed, heavy interdependencies on imports and exports can allow for the creation of highly sophisticated production chains. Economic specialisation is the natural result of economies focusing on producing those commodities in which they hold a competitive advantage. While specialisation increases the fragility of production chains, it also contributes tremendously to national welfare in both the exporting and importing economy.

2.4. A look at goods trade by end-use

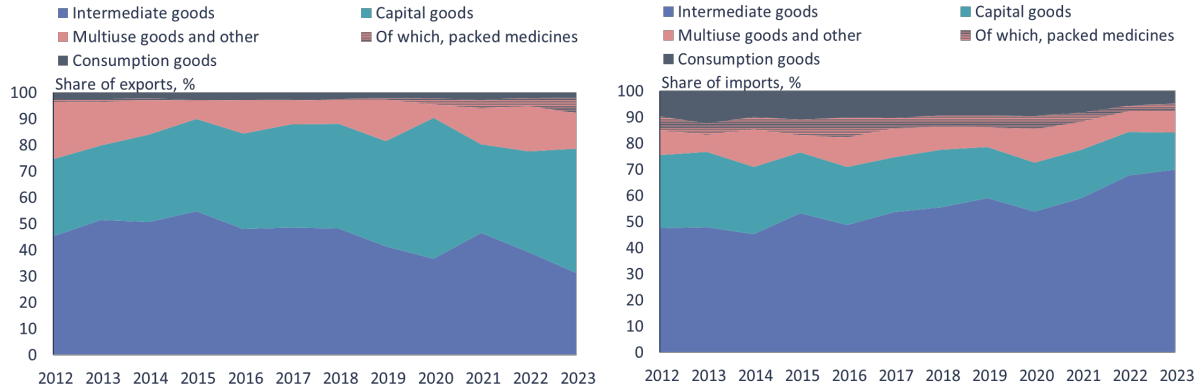
The above discussion focused on specific goods categories. Trade sophistication can also be evaluated at the more general level in terms of the end-use of the imported or exported goods, as well as in terms of the technological sophistication of the products. The OECD publishes figures by country, with exports and imports aggregated according to end-use or the amount of research and development (R&D) involved in producing the product.

Just under 60 % of Finnish total exports are intermediate products, little over 20 % capital goods and less than 5 % consumer goods. The share of intermediate products in Finland's case is roughly the same also in total imports – just under 60 %. Little over 10 % of imports are capital goods and about 15 % consumer goods. These shares have remained roughly the same for many years. The share of capital goods in Finland's exports to the US is significantly higher than for exports overall (47 % in 2023). A significant share of Finland's imports from the US consists of intermediate products (70 % in 2023), with a fairly small share for consumer goods (5 % in 2023). The share of packaged medicines in Finnish exports to the US has grown rapidly. Its share was 6 % in 2023, when their share of total exports was 2 %. On

the other hand, the share of packaged medicines in Finland's imports from the US has fallen. It was just over 2 % in 2023, roughly the same as for imports generally.

Compared to other EU countries, Finland's exports to the US have a pronounced focus on capital goods. For example, while Finland's share was 47 %, the Denmark's share of capital goods exports to the US in 2023 was 15 %, Sweden's 16 % and Germany's 25 %.

Figure 8. Finland's goods exports to the US (left) and goods imports from the US (right) by end-use



Source: OECD.

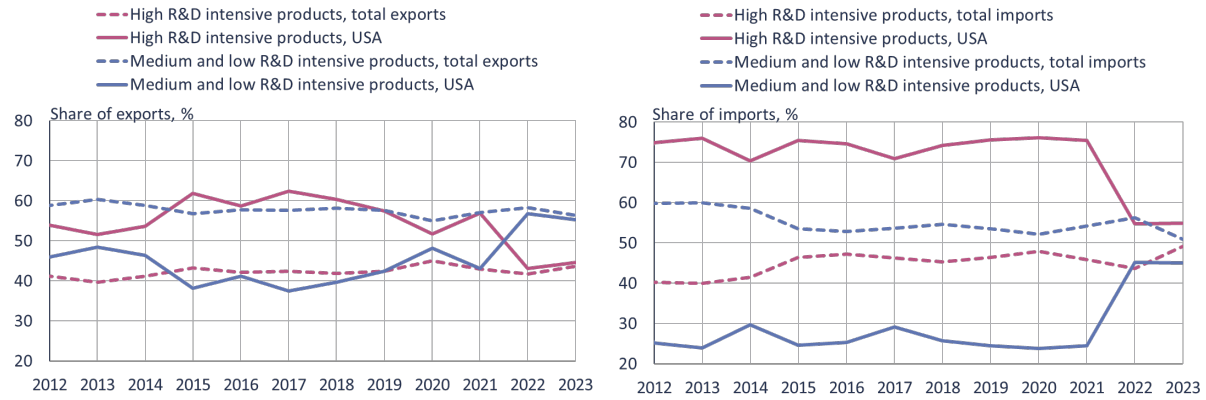
Looking at R&D intensity, Finland's exports to the US have traditionally been more sophisticated than exports as a whole (Figure 9).[5] In recent years, however, the share of high-R&D intensity products in exports to the US as fallen below 50 %, putting it on part with exports overall. While a considerable share of Finland's imports from the US involve technologically sophisticated products, that share, too, has been falling in recent years. The drop in technological intensity in US exports seems to reflect a decline in the technological sophistication of capital goods exported by Finland. Unfortunately, OECD figures do not provide deeper insight into this shift. Correspondingly, the decrease in the share of high R&D imports is explained particularly by the fact that the intermediate products that Finland imports from the US are technologically less sophisticated. A possible explanation is that

[5] For our purposes, high R&D intensity products here combine the high and medium-high R&D intensive products in OECD classification, which uses a five-level scheme (high, medium-high, medium, medium-low and low). Other trade is counted as medium or low R&D intensity.

Finland imports lower-value-added intermediates from the US for use in production of capital goods for export.

Compared to other EU countries, the share of technologically sophisticated products in Finland's exports to the US is smaller than for e.g. Sweden or Denmark, where the share of high R&D-intensity products in US exports has remained above 70 % for the past decade (the share is over 50 % of Sweden's overall exports and about 50 % in Denmark's case). Germany's exports to the US are even higher in technological sophistication. Products with high R&D intensity in recent years have accounted for over 80 % of exports (and nearly 70 % of exports overall). When considered in this context, Finland's exports to the US have been less technologically sophisticated in recent years than its imports from the US.

Figure 9. Breakdown of Finland's goods exports and imports by technological sophistication



Source: OECD.

3. Foreign direct investment and foreign affiliates

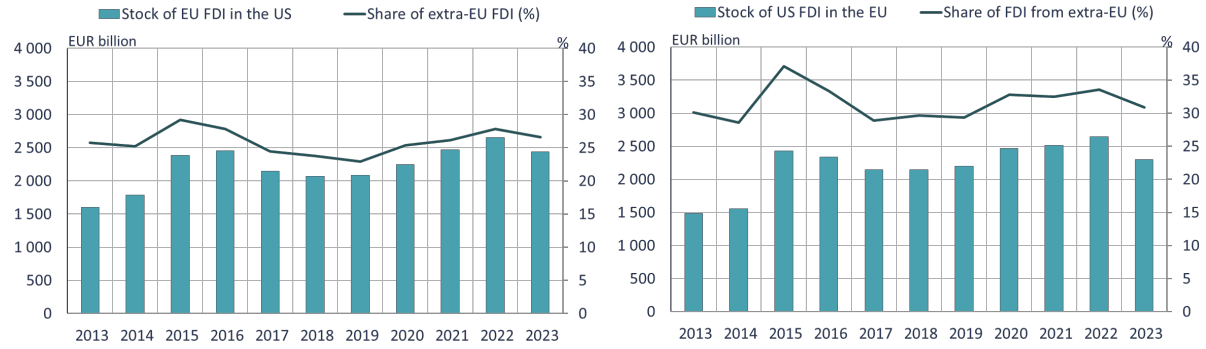
3.1. Direct investment

US-Europe investment relations are tight. The many US firms operating in Europe have invested in European firms and European firms have invested in companies in the US. Compilation of statistics on direct investment, however, is fairly complicated. Moreover, direct investment statistics only scratches the surface in revealing the structure of investments and holding breakdowns.

For example, Eurostat figures are only available for immediate, not ultimate, investor and destination countries. The information is compiled based on the

country of origin or destination of the last leg of the investment. Direct investments, however, often pass through third countries for tax avoidance or other reasons. In such cases, it is not possible to trace back to the ultimate investor's home country. Based on the immediate investor, the US is the EU's most important provider of and destination for foreign direct investment (FDI), accounting for 31 % of the stock of FDI from outside the EU in 2023. Correspondingly, 27 % of the EU's FDI stock outside the EU is sited in the US.

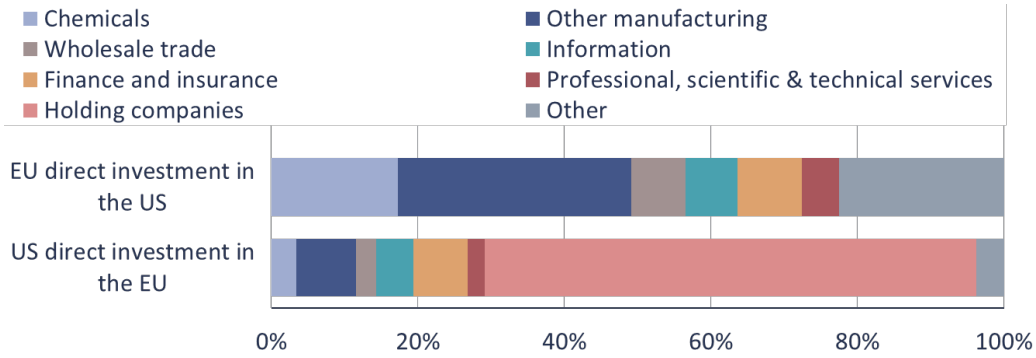
Figure 10. The EU FDI stock in the US and the US FDI stock in the EU, as well as the US share of total FDI (based on statistics on the immediate investor)



Source: Eurostat.

The breakdown of US FDI by industry is confidential and not available in the Eurostat statistics. The United States, however, reports the industry breakdown of FDI by country. The largest investments from EU countries to the US have gone to the chemicals industry (17 % share of the FDI stock in 2023), as well as finance and insurance (9 %) and information (7 %) sectors (Figure 11). In contrast, most US FDI to EU countries have gone to holding companies (67 % of the FDI stock in 2023). The next-largest categories were finance and insurance (7 %) as well as information (5 %) sectors

Figure 11. FDI structure by industry for EU countries as reported by the US Bureau of Statistics for 2023

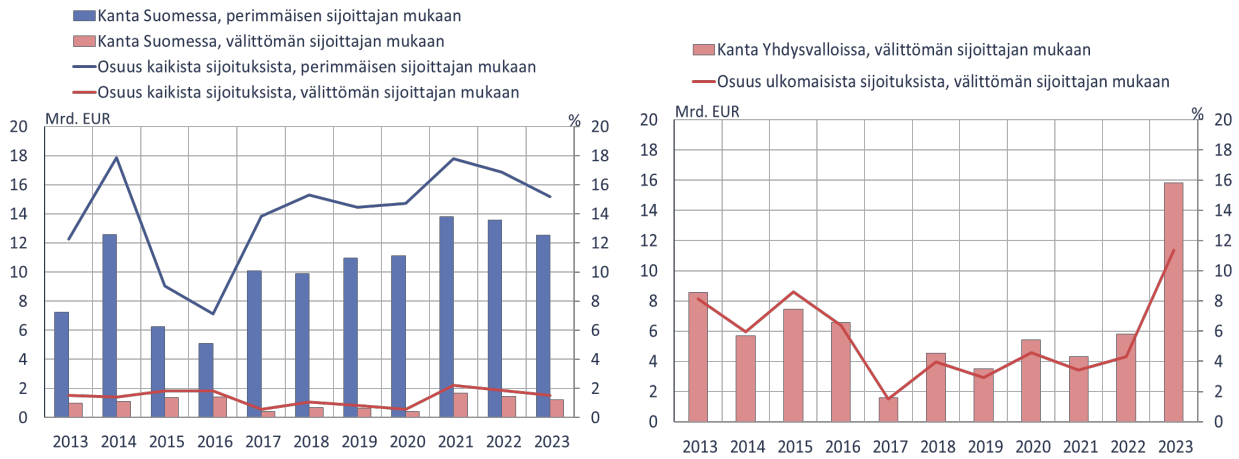


Source: U.S. Bureau of Economic Analysis.

Statistics Finland compiles figures on foreign direct investment in Finland also by ultimate investor country. When using this methodology, the United States was the second-most important investor after Sweden, accounting for 15 % of Finland's inward FDI stock in 2023. Finland's foreign direct investments are only available by immediate target country. After Sweden and the Netherlands, the United States was the third-most important destination for Finnish FDI, accounting for 11 % of Finland's outward FDI stock in 2023. The Statistics Finland more detailed industry-level figures for US FDI are classified. There was a pronounced increase in the Finnish FDI stock in the US in 2023. This is mainly due to internal restructurings within corporate conglomerates, and likely does not represent significant amounts of new investment.[6]

[6] Statistics Finland reports that the growth in the Finnish FDI stock in 2023 largely reflects a decrease in reverse investment, primarily due to internal capitalisation and structural arrangements of large corporations. Net capital outflow from Finland to the US in the form of direct investments excluding reinvested earnings in 2023 amounted close to 6 billion euros, and is likely explained by a decrease in intra-group liabilities. See High investment income to Finland from direct investments in 2023 | Statistics Finland

Figure 12. The stock of US FDI in Finland and the stock of Finland's FDI in the US, as well as the US share in Finland's total direct investment



Source: Statistics Finland.

3.2. Foreign affiliates

Statistical data on affiliates can provide a more accurate picture of the activities of US firms in Europe and European businesses in the US. There are roughly the same number of US controlled affiliates in the EU and EU controlled affiliates in the US. US-owned affiliates in the EU collectively employ about the same number of people and have roughly the same levels of net turnover as EU-owned affiliates in the US. Finnish-owned companies in the US employ more people and have larger turnover than US-owned firms in Finland, however.

Table 6. EU controlled affiliates in the US and US affiliates in the EU, as well as the US share of all foreign affiliates in 2022

US affiliates of the EU enterprises

	Enterprises		Employed		Net turnover	
	No.	Share, %	Persons	Share, %	EUR mn.	Share, %
Total	**21 645**	**10.7**	**3 146 399**	**11.7**	**2 000 000**	**18.9**
Manufacturing	6 738	12.2	1 000 000	11.1	800 000	20.0
Legal and accounting activities	3 562	19.8	n/a	n/a	289 002	31.6
Financial and insurance activities	1 969	12.1	149 236	7.3	206 146	18.4
Information and communication	1 764	n/a	162 357	9.5	68 000	20.1
Transportation and storage	n/a	n/a	196 000	13.2	63 256	14.8
Employment, travel agency, etc. activities	n/a	n/a	176 000	8.9	25 318	18.5
Advertising and market research	n/a	n/a	46 029	n/a	21 235	42.5
Accommodation and food services	225	8.3	n/a	n/a	14 422	30.1
Publishing activities	n/a	n/a	18 716	20.8	8 793	35.2
Water, sewerage, waste management	n/a	n/a	10 894	5.4	6 263	13.3
Repair and installation	n/a	n/a	11 283	7.9	5 625	14.5

US controlled EU enterprises

	Enterprises		Employed		Net turnover	
	No.	Share, %	Persons	Share, %	EUR mn.	Share, %
Total	**27 000**	**8.0**	**3 633 418**	**15.0**	**2 474 661**	**22.6**
Manufacturing	4 173	10.4	1 304 933	16.3	1 017 194	25.4
Wholesale and retail trade	6 100	7.0	556 412	11.2	650 000	19.0
Information and communication	5 300	15.8	510 000	25.3	400 000	51.9
Administrative and support activities	1 490	7.5	n/a	n/a	56 811	19.6
Advertising and market research	1 060	9.6	71 000	26.3	20 865	29.4
Movie, video, television production	238	14.0	28 674	27.3	18 599	n/a
Scientific research and development	567	n/a	46 031	32.9	10 600	32.1
Construction	339	1.9	n/a	n/a	8 966	5.3
Repair and installation	191	7.4	26 629	15.0	8 551	19.4
Accommodation and food services	354	3.8	65 242	9.2	8 483	13.0
Real estate activities	1 318	4.1	30 000	20.1	8 400	13.2

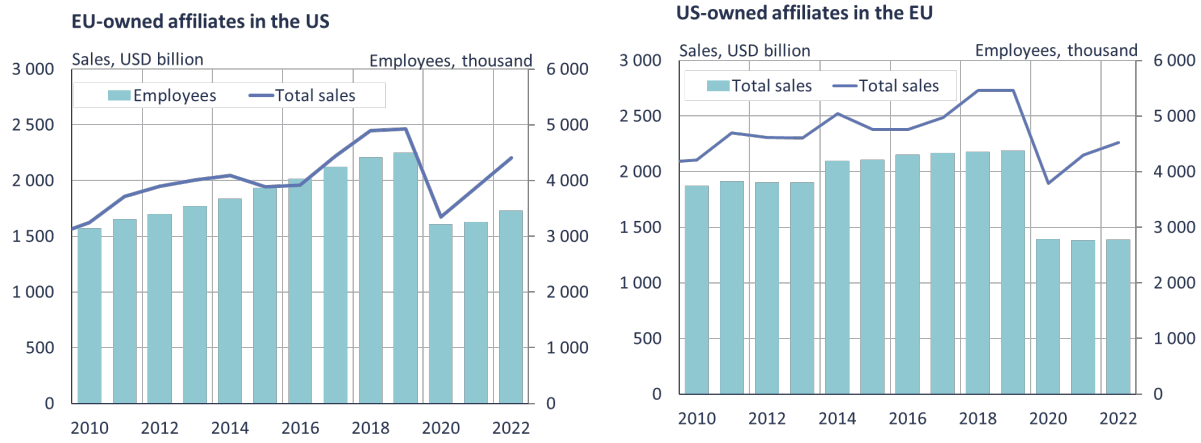
Source: Eurostat.

Eurostat figures for 2022 show that nearly 22,000 EU controlled affiliates operated in the US, or 11 % of all foreign affiliates outside the EU. In the US, they employed slightly more than 3 million people (Table 6). EU firms operating in the US were typically larger than elsewhere outside the EU, and accounted for 19 % of the net

turnover of all EU controlled affiliates. Nearly a third of the EU's US affiliates were involved in manufacturing and accounted for close to a half of US affiliate's net turnover. US statistical data mostly agree with European figures on turnover and employee numbers for EU-owned affiliates in the US. EU-owned affiliates accounted for about 40 % of the total sales and workforce of all foreign-owned affiliates in the US. EU-owned affiliates employed roughly 3.5 % of the US workforce.

Some 27,000 US controlled affiliates operated in EU countries in 2022. While US firms made up just 8 % of all foreign-owned affiliates, they accounted for 23 % of their net turnover. US-owned affiliates employed 3.6 million people in the EU, or nearly 2 % of the EU's workforce. Most US-owned firms operating in the EU were involved with wholesale and retail trade, but they also were strongly represented in the categories of information and communication services, as well as manufacturing. US figures are more comprehensive and have a longer history than Eurostat figures. Total sales and number of employees in both EU-owned affiliates operating in the US and US-owned affiliates operating in EU countries fell during the covid pandemic, and had not recovered to the 2019 level as of 2022 (Figure 13).

Figure 13. Total sales and number of employees in EU-owned affiliates in the US (left) and US-owned affiliates in EU countries (right)



US Bureau of Economic Analysis and Macrobond.

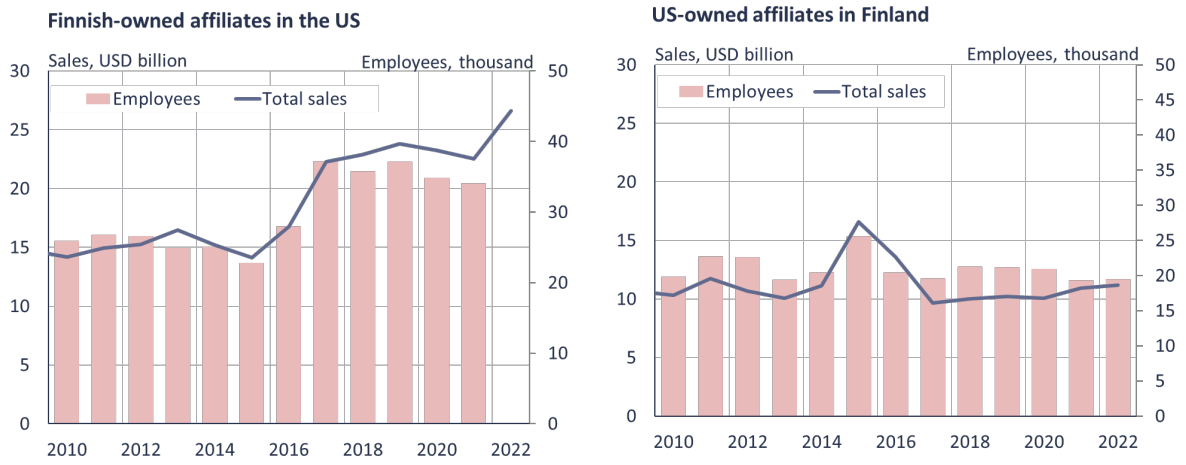
Statistics Finland reports that in 2023 there were roughly 300 Finnish affiliates in the US. The companies' turnover amounted to roughly 40 billion euros (16 % of the turnover of all Finnish affiliates abroad) and employed more than 40,000 people. As comparison, just under 600 US-owned affiliates operated in Finland. Their turnover

amounted to about 15 billion euros (11 % of the total turnover of foreign affiliates in Finland), employing over 30,000 people in Finland (9 % of the workforce of foreign-owned affiliates and 1 % of Finland's total workforce).

The longer time series provided by the US statistical authorities conform to some extent with the Statistics Finland figures. The total sales of Finnish-owned companies in the US have grown substantially over the past decade, while the sales of US-owned firms in Finland have largely remained unchanged over the period (Figure 14).

Statistics Finland only compiles information on industries of Finnish affiliates abroad by continent. In terms of turnover, the most important sectors for Finnish affiliates in North America were manufacturing (64 % of turnover in 2022), of which the most important were the machinery and metal industries (24 %), electronics and electrical industries (16 %) and the chemicals industry (11 %). In addition, wholesale and retail trade (28 %) is an important industry, which is likely explained by the fact that any company – no matter its own industry – setting up a sales office abroad is classified as involved in trade. US figures for 2022 show that US-owned affiliates in Finland were mostly involved in manufacturing (40 % of total sales), of which the most important industries were machinery (8 %) and chemicals (7 %). The next-most important branches were wholesale and retail trade (30 %), information (12 %), as well as professional, scientific and technical services (9 %).

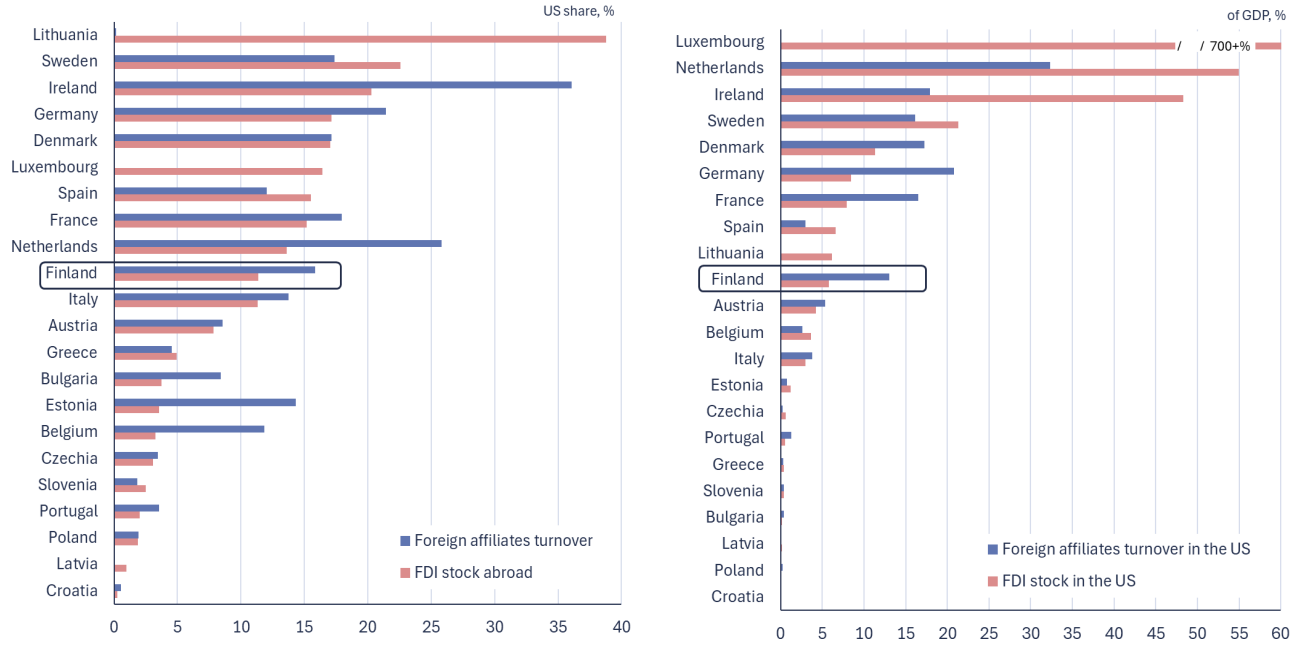
Figure 14. Total sales and number of employees in Finnish-owned affiliates in the US (left) and US-owned affiliates in Finland (right)



Sources: US Bureau of Economic Analysis and Macrobond.

Comparing EU countries, Finland ranks in the middle in terms of the US share in outward FDI stock, as well as in terms of the turnover of US affiliates of all foreign affiliates (Figure 15, left panel). Direct investment stock in the US in 2023 corresponded to 5.8 % of Finland's GDP and the turnover of Finnish-owned affiliates operating in the US corresponded to 13 % of GDP (Figure 15, right panel). By also this measure, Finland is around the EU average with, for example, Sweden, Denmark, Germany and France, having larger shares.

Figure 15. US share of FDI stock and foreign affiliates' turnover (left), and FDI stock and affiliates' turnover in the US relative to the size of the economy (right)



Source: Eurostat and national statistical agencies. Note: Statistical data are not available for all EU countries. In the figure, the FDI stock is for 2023 while turnover of affiliates is for 2022.

4. Financial sector

US financial markets are the largest, deepest and most important in the world. The US dominance reflects its status as the world's largest economy, its stable and functional institutions, as well as its openness in capital movements. Moreover, the dollar is by far the most-used international currency. Because of the extensive use of the dollar in international trade, ready availability of dollars is important in assuring smooth international payments (Kerola, Koskinen and Laakkonen, 2025). European and American financial markets are closely interlinked. There are significant

flows of European money to the US and flows of American money to Europe. The financial crisis times highlight the importance and degree of interconnection of US financial markets. In 2008, for example, the US crisis quickly engulfed the entire global economy, with particular speed and depth in Europe's case. Due to the availability of statistical data, this section focuses only on financial flows in the 20 eurozone countries rather than the larger group of 27 EU countries.

The dependencies of the financial sector are not limited solely to capital flows. The US plays a major role in providing various financial sector systems. For example, card payments, which are broadly used in Europe, are largely based on the American VISA and Mastercard systems. In addition, the US dollar is the most important pricing currency in global commodity markets.

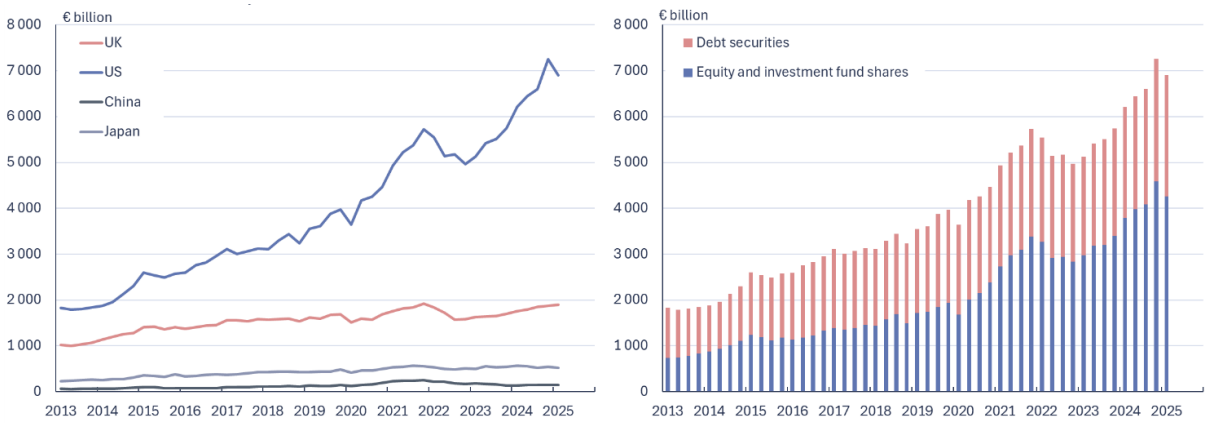
4.1. Portfolio investment

Portfolio investment refers to investment in securities such as bonds, shares or fund units. The United States is by far the most important portfolio investment market in the world, accounting for about 40 % of the combined value of global equity and bond markets. In 2024, half of euro area's external portfolio investment stock was in the US, and an order of magnitude larger than for the UK, the euro area's next-largest destination for portfolio investment (Figure 16). The corresponding share for Finnish investments is a bit smaller, slightly over 40 %. As in the case of foreign trade, the EU internal market is more important for Finland than the American market. 56 % of Finnish portfolio investment abroad went to other EU countries and 24 % to the US. The value of portfolio investment in the US by both Finland and euro area investors generally has grown in recent years, suggesting that the dependence has increased. In the first quarter of 2025, however, the value of investment stock in euros contracted slightly, likely reflecting the dollar's rapid devaluation against the euro.

Portfolio investment in the US coming from the euro area consists largely of shares and bonds (Figure 16). In recent years, the value of equity investment has soared, partly a reflection of the strong momentum of US stock markets. Investments in American debt securities has also grown steadily.

American portfolio investment in the euro area is also substantial. Eurostat valued American portfolio investment in the euro area in the first quarter of 2025 at 3.758 trillion euros, or 23 % of all foreign investment from outside the euro area. The share was larger than for any other single country outside the euro area. Most investment went to shares or fund units (79 %), while a smaller proportion went to bonds (21 %). Statistics Finland figures do not break down portfolio investment in Finland by source country.

Figure 16. Euro area portfolio investment in select countries (left) and structure of euro-area portfolio investment in the US (right)



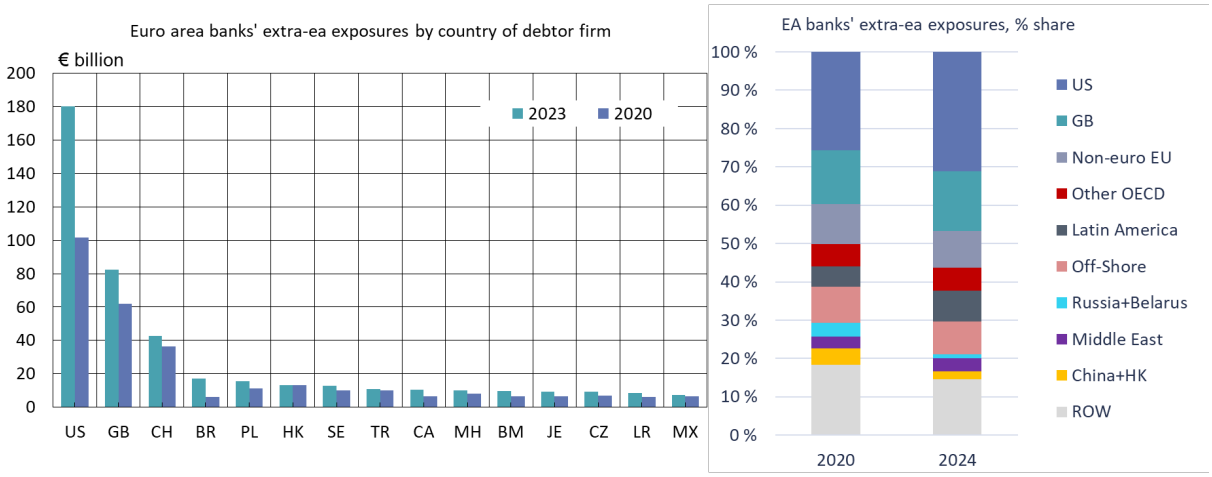
Sources: ECB, Eurostat and Bank of Finland.

4.2. Connections in the banking sector

The euro area and the US have significant banking linkages.[7] Major European banks, including Finnish Nordea, operate in the US and American banks operate in Europe. American firms are the most important foreign customers for euro-area banks. In 2023, American companies accounted for over 30 % of banks' foreign receivables (Figure 17). In recent years, the amount of receivables from American firms has soared and the share of American corporate clients relative to total bank receivables has risen rapidly. For German and Dutch banks, in particular, American customers account for the most receivables from outside the euro area.

[7] This section is largely based on the assessment of the euro area banking sector by Ahoniemi, Kerola and Koskinen (2025).

Figure 17. Receivables of euro area banks from foreign firms: value of debt by home country (left) and its share of receivables (right)



Source: Ahoniemi, Kerola and Koskinen (2025) calculations based on the ECB's AnaCredit database.

US banks are among the largest non-EU lenders to companies of the euro area. The share is similar to that of Chinese and Japanese banks. Together with British banks, they account for nearly all external lending to euro area firms (see Ahoniemi, Kerola and Koskinen, 2025). American banks provide financing mainly to firms based in the largest countries of the euro area (i.e. Germany, France and Spain) and tend to focus on service-sector firms.

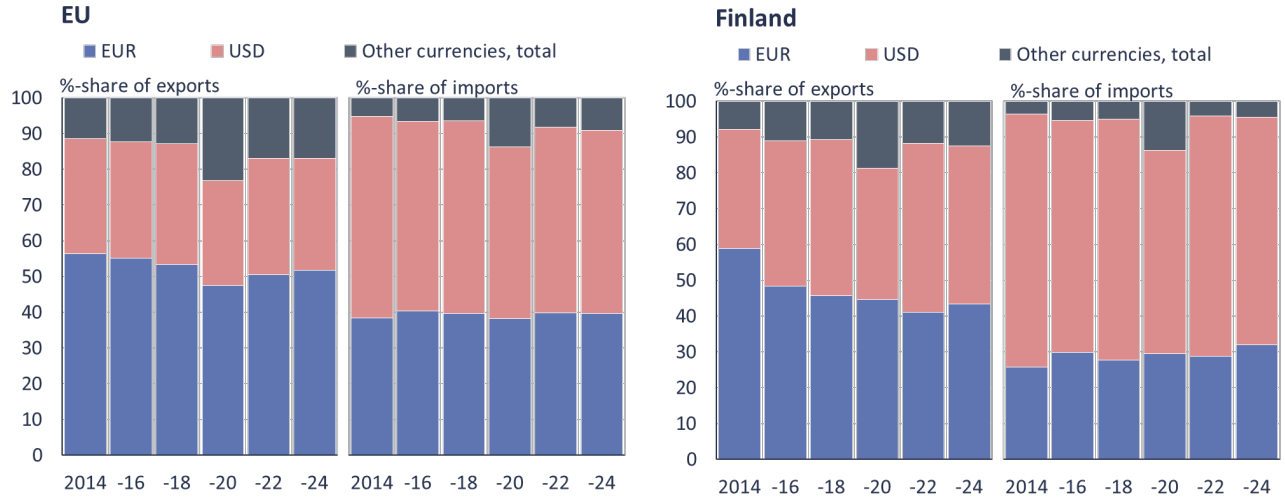
4.3. Use of the dollar

The central position of the US dollar in global trade and international financial markets adds to the economic linkages. The US dollar is also used extensively in EU foreign trade, and particularly Finnish foreign trade.

In 2024, 31 % of EU's goods exports to countries outside the EU economic area were invoiced in dollars (52 % in euros). Over half of extra-EU goods imports (51 %) were invoiced in dollars (40 % in euros). The dollar's share in imports, however, has declined a bit from ten years earlier (Figure 18). The higher dollar share of imports than exports is explained by the fact that the trade in oil and petroleum products is mainly conducted in dollars. In other commodity trading, use of the euro is greater than use of the dollar. The bulk of manufactured products exported from the EU are priced in euros, while in imports of such products, the euro and dollar are both used to roughly the same extent.

Use of the dollar in Finnish goods trade is more common than in EU goods trade on average. In 2024, 44 % of Finland's goods exports outside the EU were invoiced in dollars (43 % in euros), which is considerably more than e.g. Sweden (15 %), Denmark (23 %), Germany (27 %) or Estonia (28 %). The dollar accounted for 64 % of Finnish goods imports from outside the EU (euro 32 %). Use of the dollar is only more common in Lithuanian and Dutch imports. The dollar's share in Finnish extra-EU exports has increased, while in imports it has decreased somewhat compared to ten years ago.

Figure 18. Share of currency in EU and Finland's extra-EU goods exports and imports



Source: Eurostat.

In addition to foreign trade, the dollar is also a relatively important currency for euro-area commercial banks due to the above-mentioned links with the financial sector. Within the euro area, 17 % of bank financing was denominated in dollars in 2024 (a total of 23 % in currencies other than euro) (Klaus & Mingarelli, 2024). The lending and deposits of Finnish financial institutions to the euro-area public are mainly in euros. Bank of Finland figures for June 2025 show that 2 % of Finnish institutions lending stock consisted of non-euro-denominated lending, while 4 % of the deposit stock consisted of currencies other than euro. Information about the foreign currency breakdown is not available.

5. Conclusion

The economic dependencies of Finland and the EU on the United States are wide-ranging and deep. As economic relations have intensified in recent years, dependencies have also increased. The United States is the EU's most important economic partner and Finland's most important economic partner outside the EU. Regarding foreign trade, the United States is an extremely important export market, as well an important provider of imports, particularly services. In addition to being an important trading partner, the US is an important destination for FDI for EU firms as a whole and Finnish firms investing outside the EU. By the same token, American companies operate extensively in the EU and in Finland. In Finland, US firms are the second largest foreign direct investor after Swedish firms, and there is substantial subsidiary activity between the US and EU blocs.

The United States is internationally the most important actor with regards to the financial sector. The lion's share of portfolio investment from the EU and Finland outside the EU is focused on American securities. Correspondingly, a considerable amount of American capital has flowed into European securities markets. American firms are the most important clients for euro-area banks outside the euro area and American banks, besides Japanese banks, are the most important lenders to firms within the euro area. In addition, the dollar plays an outsized role in relation to the size of the US economy, as the dollar is used in a large share of international payments and extensively in e.g. commodities pricing. A significant share of the EU and Finnish goods trade with countries outside the EU is conducted in dollars.

By all the indicators examined, Finland's and European Union's economic dependence on the United States is highly significant. Even if it is difficult in such an examination to define how critical of these dependencies are for the functioning of the society. Due to their extent and depth, the termination of US economic relations (or even a significant reduction) would have substantial impacts on the Finnish and the EU economy as a whole. In addition, the US is a major supplier of various technology services. At least temporary difficulties would follow if for some reason Europeans lost access to products made by e.g. Microsoft, Google or Apple, or

access to the GPS satellite geopositioning system. Although we have not examined US dependence on Europe, economic dependencies obviously run both ways.

We should remember that economic dependencies are typically the product of multiple rational actions. Moreover, dependencies are not necessarily problematic, as they can be beneficial in increasing the general wellbeing of populations as goods and services offered are more attractively priced with broader selections.

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