

Boosting Investment Through Swift Environmental Permits

Finland increasingly loses large industrial investments to European competitors. Long processing times and the function of industrial parks are significant factors in these decisions. Recently, the permitting process has also become less predictable. **Finnpulp**, a €1.6 billion pulp-mill undertaking, received its environmental permit, but the Supreme Administrative Court unexpectedly struck it down. Similarly, **BASF** sought to build a battery factory in Harjavalta, but the courts struck down its previously issued permit citing groundwater risks and sulphate emissions.

This trend damages Finland's economic competitiveness, particularly when it comes to investments into the Green Transition. Global greenfield investment reached an all-time high of \$85.5 billion in 2020 and geopolitical instability has further sped up the transition to renewable energy.¹ Five billion euros of untapped investments are currently waiting in the battery value chain alone.

Amcham Finland's Environmental Permitting Working Group, chaired by Casper Herler (Borenus Attorneys), has developed recommendations to improve the Finnish permitting process. The recommendations stemmed from Amcham's **Finland FDI Vision** report published in 2021. The proposals target long-term bottlenecks and focus on small amendments with significant impact. The newly elected government can make these changes without large organizational reforms, legislative revisions or budget increases. Instead, they will save public resources as permits are not reprocessed and courts can handle several appeals relating to the same project in parallel. Some proposals are estimated to speed up large projects by up to four years. If adopted by the new government, these changes can enter into force by Jan. 1, 2024 and quickly help Finland boost investments.

Core Recommendations

1. Fast-track investments to existing industrial parks

The government should promote industrial operations where they already exist. Amcham's permit working group proposes awarding special status to permit applications for investments into industrial parks which are zoned as industrial areas for a given industry (T or Tkem). Small amendments to the environmental permit rules would allow Finland to fast-track new factories, production lines and capacity increases in areas where they will not create social conflict. Further, in situations where the investments do not require water treatment plants or waste areas, the permitting process could be less arduous and faster. Together with a surplus of renewable energy, this would allow Finland to attract significant amounts of new industrial activity and simultaneously bolster European supply security.

2. Increase predictability in the courts

The government should increase predictability by addressing challenges with permits getting overturned in courts due to perceived long-term risks. The working group proposals synchronise zoning and permit decisions. This allows courts to handle appeals in parallel, cutting processing times by up to two years. Rather than focusing on limiting appeal rights, which is constitutionally challenging, the government can enable all relevant legislation with enforcement rights. This means that operations can be built and partially operated despite appeals.

¹ See Amcham Finland's "Finland Supplement to the Transatlantic Economy Report," 2021.