

SPRING 2010 REFORM BAROMETER - FINLAND

1. SUMMARY TABLE

<u>Finland</u>				<u>Rank among 29**</u>			<u>Relative Gap</u>	
	2008	2009	Change	2008	2009	Change	EU 5 top performers 2009	Gap to EU 5 top performers 2009
GDP per capita (Purchasing Power Parity - PPP)	29045	26572	-8.5%	12	12	0	LU, IE, NL, AT, BE	-22%
GDP per capita (€ at 2000 prices)	31111	28850	-7.3%	8	8	0	LU, DK, SE, IE, UK	-16%
Labour Utilisation (Annual hours worked per capita)	807	777	-3.7%	14	12	2	CY, SI, GR, CZ, PL	-12%
Annual hours worked per person employed	1705	1699	-0.4%	16	16	0	GR, HU, PL, SI, CZ	-16%
Employment as % of labour force (100-unemployment rate)	93.6	91.5	-2.1	18	17	1	NL, DK, AT, CY, LU	-4
Labour participation (labour force as % of active population)	76.0	75.3	-0.6	7	8	-1	NL, DK, SE, DE, UK	-4
Dependency ratio (working age population as % of total population)	66.6	66.4	-0.2	22	22	0	SK, PL, CY, CZ, RO	-7
Labour Productivity (GDP per hour worked, in PPP)	35.7	33.9	-5.0%	12	14	-2	LU, BE, NL, FR, DE	-21%
Labour Productivity (GDP per hour worked, € at 2000 prices)	38.3	36.8	-3.7%	11	12	-1	LU, SE, BE, DK, FR	-22%
Capital deepening (capital stock per hour worked)*	5.0	5.0	1.5%	12	13	-1	IE, FR, LU, AT, SE	-13%
Total Factor Productivity (level of economic efficiency per hour worked)*	7.7	7.3	-5.2%	7	8	-1	LU, UK, DK, SE, BE	-16%
Corporate Investment (private investment excluding non-residential, % GDP)	10.0	9.1	-0.9	23	17	6	BE, RO, AT, DK, SK	-4.0
Current Account Balance (as % GDP)	2.6	1.1	-1.5	7	11	-4	LU, SE, LV, DE, EE	-5.3
Export market share measured in volume relative to main 35 trading partners (from 2000)	7.1	-6.4	-13.5	12	21	-9	RO, LT, HU, CZ, PL	-61.2
Unit labour Costs relative to main 35 trading partners (from 2000)	-1.4	3.1	4.5	6	11	-5	DE, PL, AT, SE, GR	10.2
Government gross debt (as % GDP)	34.1	41.3	7.2	11	11	0	EE, LU, BG, RO, LT	23.4
Net lending/net borrowing of general government (as % GDP)	4.5	-2.8	-7.3	2	6	-4	BG, DK, SE, LU, FI	-0.8
Required budgetary adjustment related to ageing (as % GDP)	N/A	3.7	N/A	N/A	21	N/A	PL, EE, HU, BG, SE	3.6
Public Investment (as % total public expenditure)	5.6	5.6	-0.1	20	21	-1	BG, RO, EE, CZ, PL	-10.8
Tax burden (as % GDP)	43.2	41.8	-1.5	26	23	3	LV, RO, IE, SK, LT	13.9

Note: Labour utilisation and productivity are a product of its sub-components.

* Rank refers to EU15 ** EU 27, Norway and Switzerland

2. PRIORITIES FOR REFORM: ANSWERS FROM EK (FINLAND)

	1. Priority areas	2. Concrete Recommendations	3. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	Orientation and sustainability of public finances	Take actions already in the 2010 to bring gradually down the public deficit by decreasing public expenditure.	X	
Priority 2	Labour taxation to stimulate labour demand	Social security contribution and labour taxes levied by local communities will probably rise in the medium term. Government should take action to prevent the rise of tax wedge on labour income.	X	
Priority 3	Making work-pay: interplay of tax and benefit system	Lower the income related unemployment benefits over time to increase the incentive to take up work.		X
Priority 4	Wage bargaining and wage-setting policies	Promote flexibility by negotiating a larger share of wage increases at the company level.		X
Priority 5	Specific labour supply measures for older-workers	Phase out early retirement pathways by abolishing the special treatment of 59 years old unemployed to get in the "unemployment pipeline".		X