



**SPRING 2018 REFORM BAROMETER – FINLAND**

**European Semester - Overall assessment of 2017 cycle**

	<b>To what extent do you agree with these statements:</b>		<b>Detailed comments</b>
1.	The National Reform Programme submitted by your Government (April 2017) is appropriate.	To a large extent	(1) Health, social services and regional government reform, which expands the freedom of choice by a client voucher or personal budget (2) Government and social partners signed in 2016 the Competitiveness Pact, which will enhance the price competitiveness of Finnish production. (3) Unemployment security reform, which aimed at accelerating acceptance of work and shortening periods of unemployment. (4) The reform of vocational education and training, which aims to improve the competence basis of education and training.
2.	The Commission's country specific recommendations for your country are appropriate.	To some extent	(1) Ensure timely adoption and implementation of the administrative reform to improve cost-effectiveness of social and healthcare services, (2) Provide incentives to accept work
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	(1) The recovery of the Finnish economy has been much stronger than expected in the report. (2) Competitiveness Pact between the social partners in 2016 put an end to a period of uncertainty (3) The recent rapid increase in start-ups is expected to contribute to the gradual diversification of production structures.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	(1) non-performing loans remain low and the banking sector is generally solid. (2) The public debt-to-GDP ratio has started decelerating faster than the Commission report expected



## Assessment of Country Specific recommendations 2017 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1a	Pursue its fiscal policy in line with the requirements of the preventive arm of the Stability and Growth Pact, which entails achieving its medium-term budgetary objective in 2018, taking into account the allowances linked to unusual events, the implementation of the structural reforms and investments for which a temporary deviation is granted.	Helpful but not a priority	Satisfactory	The actions of the government have focused on expenditure cuts and competitiveness. The public debt-to-GDP ratio has started decelerating rapidly.
CSR 1b	Ensure timely adoption and implementation of the administrative reform to improve cost-effectiveness of social and healthcare services.	Extremely important	Mixed	According to the government, recent decisions on the freedom of choice will be expanded by a customer voucher in basic health care's services. Unfortunately, public sector will not have an obligation to, so public sector does not have to hand its social and healthcare operations to a company form even if public sector operates in a competitive market with private companies.
CSR 2a	Promote the further alignment of wages with productivity developments, fully respecting the role of social partners.	Important	Mixed	The government hasn't taken actions in legislation to promote local bargaining. Local bargaining is enhanced in collective agreements in the 2017-2018 negotiating round.



		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2b	Take targeted active labour market policy measures to address employment and social challenges, provide incentives to accept work and promote entrepreneurship.	Important	Satisfactory	The government has reformed unemployment security, which aims at accelerating acceptance of work and shortening periods of unemployment. Latest reform which aims to activate unemployed by the cut unemployment benefit came in to force in the beginning of 2018. Governments “basic income trial”, started in the beginning of 2017, is not a study for real basic income.
CSR 3	Continue to improve the regulatory framework and reduce the administrative burden to increase competition in services and to promote investment.	///	///	///



## **Reform Progress in your Member State in 2017**

How would you assess reform progress in 2017, for the following broad areas:

<b>Taxation and Public Finances</b>	Satisfactory
<b>Business environment (regulation/access to markets)</b>	Satisfactory
<b>Labour market</b>	Mixed
<b>Innovation and skills</b>	Mixed
<b>Access to finance and Financial stability</b>	Satisfactory



## Reform priorities for 2018

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Making work-pay: interplay of tax and benefit system	Reform unemployment benefits and housing allowances to improve incentives for work	yes
<b>Priority 2</b>	Tax reforms	Make a substantial cut on the level of income tax	no
<b>Priority 3</b>	Pension and health care reforms	Finalize the social and health care reform	yes
<b>Priority 4</b>	Labour market mismatch and labour mobility	The government should make a comprehensive reform of employment services to ease labour market matching problems. The role of private employment agencies should be enforced.	yes
<b>Priority 5</b>	Wage bargaining and wage-setting policies	Industrial peace legislation should be reformed taking account "the principle of proportionality" to prevent excessive industrial actions.	no