



SPRING 2019 REFORM BAROMETER – FINLAND

European Semester - Overall assessment of 2018 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (March 2018) 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) There is now a stronger linkage between wages and productivity improvements as the parties have adopted a branch-level wage formation model in which the export industries determine the scope for pay increases (3) The preparation of the health and social services reform is proceeding. It will expand the freedom of choice by a client voucher or personal budget (4) The so-called activation model and a legislative amendment under which unemployment benefit recipients can temporarily study and work as entrepreneurs provide additional incentives for job seeking. (5) There was a substantial decrease in R&D investments during the downturn and the target for 2020 (R&D expenditure at least 4% of GDP) will not be met.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	(1) Ensure timely adoption and implementation of the administrative reform to improve cost-effectiveness of social and healthcare services, (2) Increase incentives to accept work
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	Commissions overall assessment is correct, that Finland has made some progress in addressing the 2017 country-specific recommendations.
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 to decrease faster than the Commission has expected.



Assessment of Country Specific recommendations 2018 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Achieve the medium-term budgetary objective in 2019, taking into account the allowances linked to the implementation of the structural reforms for which a temporary deviation is granted. Ensure the adoption and implementation of the administrative reform to improve cost-effectiveness and equal access to social and healthcare services.	Important	Satisfactory	(1) In the short run, public finances are almost balanced. In longer run we still face a large sustainability gap. (2) Social and health care reform is vital. According to government's recent decisions the freedom of choice will be expanded by a client voucher in basic health care services. Unfortunately, public sector will not have a corporatization obligation, so public sector does not have to provide the social and healthcare services in a company form even if the public sector operates in a competitive market with private companies. This will lead to an uneven playing field on these markets.
CSR 2	Improve incentives to accept work and ensure adequate and well-integrated services for the unemployed and the inactive.	Important	Satisfactory	The activation model and a legislative amendment under which unemployment benefit recipients can temporary study will positively affect the supply of labour.
CSR 3	Strengthen the monitoring of household debt including by setting up a credit registry system.	Important	Mixed	The registry is a needed instrument to control excess household debt. The government has analysed the issue well and it is very possible that the next government will start the concrete preparations.



Reform Progress in your Member State in 2018

How would you assess reform progress in 2018, for the following broad areas:

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

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2019 Reform Barometer?

In the beginning of 2019 Incomes Register started in Finland. This is a very practical and useful instrument to tackle bureaucracy. Look:
<https://www.vero.fi/en/incomes-register/individuals/>



Reform priorities for 2019

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