



SPRING 2020 REFORM BAROMETER – FINLAND

European Semester - Overall assessment of 2019 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2019) is appropriate.	To a large extent	Raise the employment rate of 20–64-year-olds to 78%, spend a minimum of 4% of GDP on R&D, ensure the sustainability of general government finances, improve the cost-effectiveness of social and health care services, improve the incentives to work.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,9 % in 2020, corresponding to an annual structural adjustment of 0,5 % of GDP. Improve incentives to accept work. Focus investment-related economic policy on research and innovation.
3.	The Commission assessment of reform implementation the year before is appropriate.	To some extent	The ratio of research and development to GDP has not yet recovered from the crisis years. Inactivity and unemployment traps are a barrier to a better use of the labour force. A new Finnish wage-setting model has emerged, but labour mobility remains rather limited.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	The labour market continues to recover, showing early signs of tightening. Potential growth is recovering but Finland's ageing population is expected to weigh on future economic developments. Strengthening the monitoring of household debt



Assessment of Country Specific recommendations 2019 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Ensure that the nominal growth rate of net primary government expenditure does not exceed 1,9 % in 2020, corresponding to an annual structural adjustment of 0,5 % of GDP. Improve the cost-effectiveness of and equal access to social and healthcare services.	Extremely important	Unsatisfactory	Our current government is increasing public expenditure rapidly
CSR 2	Improve incentives to accept work and enhance skills and active inclusion, notably through well-integrated services for the unemployed and the inactive.	Important	Unsatisfactory	Government seems reluctant to improve incentives to accept work. It will increase expenditure on education and services for unemployed. However, these services are not effective in improving inclusion in the society.
CSR 3	Focus investment-related economic policy on research and innovation, low carbon and energy transition and sustainable transport, taking into account regional disparities.	Helpful (but not a priority)	Mixed	Government has increased the expenditure on R&D. It has also very ambitious visions to make Finland carbon neutral by 2035. However, few tangible measures have yet been implemented to achieve this.
CSR 4	Strengthen the monitoring of household debt and establish the credit registry system.	Helpful (but not a priority)	Mixed	Government has the credit registry on its agenda. EK is supporting the initiative but we would prefer a faster implementation.



Reform Progress in your Member State in 2019

How would you assess reform progress in 2019, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Mixed
Labour market	Unsatisfactory
Innovation and skills	Satisfactory
Access to finance and Financial stability	No reform necessary



Reform priorities for 2020

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Consolidation of public expenditures	Decrease the growth rate of public expenditure	No
Priority 2	Making work-pay: interplay of tax and benefit system	Reform unemployment benefits and housing allowances to tackle the income traps	No
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 enforced.	No
Priority 4	Tax reforms	Lower income taxes to boost employment	No
Priority 5	Pension and health care reforms	A comprehensive social and health care reform which improves productivity in the publicly financed services	No