

SPRING 2011 REFORM BAROMETER – FINLAND

	Level			Rank			Gap		Areas of Action	
	2009	2010	Change	2009	2010	change	EU top 5	Gap ¹	2010	
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	26094	27272	4,5%	14	14	0	NL IE SE AT DE	-10%	
	2 GDP per capita (€ at 2000 prices)	28839	28956	0,4%	9	9	0	DK SE IE FI AT	-5%	
	3 Labour productivity per hour worked (PPP)	34,0	35,4	4,1%	15	15	0	NL BE FR DE IE	-15%	
	4 Labour productivity per person employed (PPP)	56770	59687	5,1%	14	13	1	IE BE FR SE NL	-11%	
	5 Private investment (excluding non residential, %GDP)	9,4	10,2	0,8	15	11	4	BG BE AT DE IT	-3,4	
	6 Industrial activity (% total value added)	32,5	30,1	-2,4	5	5	0	IE SK CZ FI SI	-2,5	
	7 R&D expenditure (% GDP) *	3,7	4,0	0,2	2	1	1	FI SE DK DE AT	0,6	
	8 Operating surplus (% total value added)	38,0	40,1	2,1	21	18	3	BG GR MT SK IE	-15,7	
Pillar II	9 Current Account (% GDP)	1,3	1,3	0,0	14	14	0	LU SE NL DE DK	-4,6	
	10 Export market share (gain from 2000)	-2,2	-5,4	-3,2	20	22	-2	RO LT CZ HU BG	-68,8	
	11 Net export contribution to GDP	-3,0	1,0	4,0	31	15	16	BG IE GR HU CY	-2,9	
	12 Share in global trade	0,5	0,5	0,0	19	19	0	DE FR NL UK IT	-3,8	
	13 Relative unit labour cost (gain from 2000)	0,8	1,0	0,2	9	9	0	DE PL AT SE FR	8,9	
	14 High-tech exports (% total exports) **	17,5	17,3	-0,2	9	8	1	MT LU IE HU CY	-11,4	
Pillar III	15 Employment rate (% working age population)	68,7	67,9	-0,9	19	16	3	NL DK SE AT DE	-0,9	
	16 Employment rate 15-24 (% population 15-24)	39,6	38,0	-1,6	12	12	0	NL DK AT UK DE	-15,6	
	17 Employment rate 55-64 (% population 55-64)	55,5	55,9	0,4	12	11	1	SE DE UK CY DK	-3,8	
	18 Annual hours worked (per capita)	1672	1688	1,0%	18	18	0	PL GR HU LV CZ	-14%	
	19 Labour participation (% working age population)	75,9	76,1	0,2	16	13	3	DK SE NL PT DE	-3,9	
	20 Working age population (as % total population)	66,4	66,0	-0,5	23	25	-2	SK PL CY CZ RO	0,9	
Pillar IV	21 Unemployment rate (% labour force)	8,2	8,3	0,1	19	16	3	AT NL LU MT CY	2,7	
	22 Gross debt - general government (% GDP)	43,8	49,0	5,2	12	13	-1	EE LU BG RO LT	24,9	
	23 Net debt - general government (% GDP)*	-52,5	-62,7	-10,2	3	2	1	FI EE SE BG CZ	98,5	
	24 Government budget balance (% GDP)	-2,5	-3,1	-0,6	6	6	0	SE EE LU FI DE	-1,0	
	25 Primary balance (% GDP)	-1,3	-1,8	-0,5	11	13	-2	HU SE IT EE MT	-1,5	
	26 Tax burden (% GDP)	43,2	42,9	0,0	26	27	-1	LV SK RO BG LT	12,4	
	27 Highest marginal tax rate, individual rate (%)*	31,5	30,5	0,0	9	9	0	BG CZ LT RO SK	4	
	28 Public investment (% total public expenditure)	5,4	5,3	0,0	27	25	2	PL CZ RO BG LV	-8,7	
	29 Budgetary adjustment related to age (% GDP)	N/A	3,7	N/A	N/A	22	N/A	PL EE HU BG SE	3,6	
Pillar V	30 Net foreign assets (% GDP) *	4,8	2,8	-2,0	5	6	-1	NL BE DE DK FI	27,1	
	31 Net financial assets, households (% GDP) *	46,8	58,6	11,9	18	17	1	BE IT NL FR DE	-99,7	
	32 Net financial liabilities, non financial corporations (% GDP)*	105,8	122,8	17,0	15	17	-2	SK NL DE GR PL	60,3	
	33 Regulatory tier 1 capital to risk weighted assets *	13,6	14,5	0,9	7	15	-8	MT LU BE BG EE	-2,7	
	34 Non performing loans to total gross loans *	0,5	0,7	0,2	1	2	-1	FI LU SE SI AT	-1,0	
	35 Loans to private sector (% GDP)	91,1	91,6	0,5	11	10	1	RO SK PL CZ HU	38,6	
	36 Bank liabilities (%GDP) *	196,6	216,4	19,9	12	12	0	SK RO PL LT BG	140	

	Five best
	Lowest third

1. Percentage points, when not indicated otherwise

* 2008/ 2009 data
** 2007/ 2008 data

Source : European Commission, Eurostat

A methodological note can be found in the report or [here](#).

PRIORITIES FOR REFORM: ANSWERS FROM EK (FINLAND)

	Policy Area	Concrete Recommendations	Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	19	Shift the tax burden from income tax towards less distortionary taxes, such as consumption and property taxes.	X	
Priority 2	13	Decrease labour taxation. Shorten the duration of income related unemployment benefits. Reduce the financial support available to long-term unemployed to increase incentives to take up work.		X
Priority 3	14	Pensions: Raise the retirement age from 63 to at least 65. Discontinue the unemployment pension system. Close down the part-time pension system or make it less attractive. Health care: Increase privatisation. Make national health care IT systems more compatible with each other. Keep better control on wage hikes in public health care.		X
Priority 4	11	Larger share of annual wage increases should be negotiated at the firm level and opt-out clauses from central collective agreements be allowed, thus making wages more responsive to local conditions.		
Priority 5	10	Give up so called "labour market need test" when receiving economic migrants. Pay more attention to integration of economic migrants.		X

Policy areas

1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments