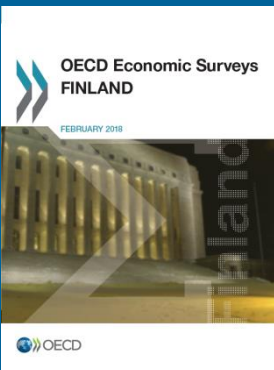




2018 OECD ECONOMIC SURVEY OF FINLAND

Christophe André
Jon Pareliussen

Helsinki, 1 March 2018

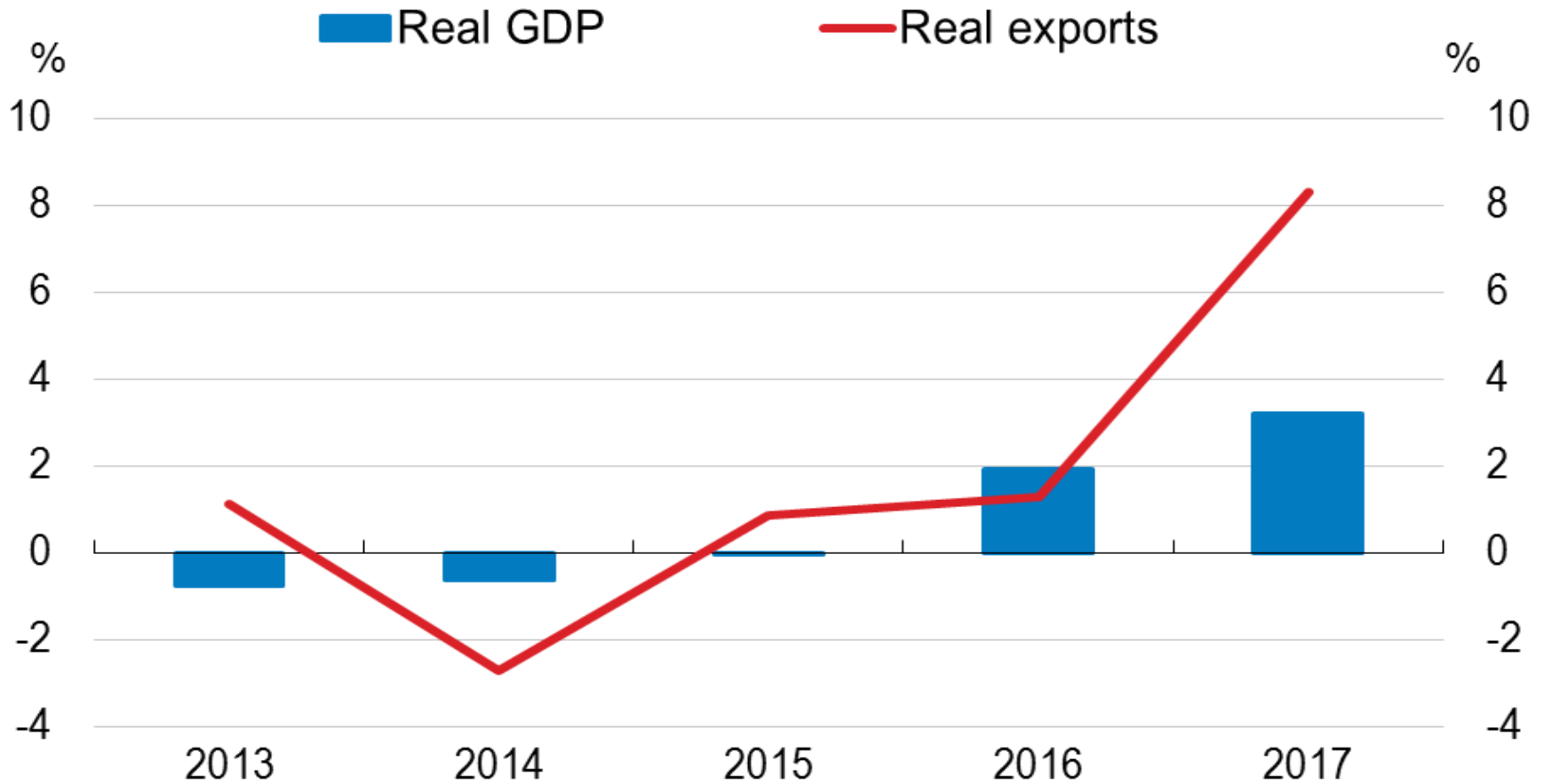


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Output and exports are growing strongly

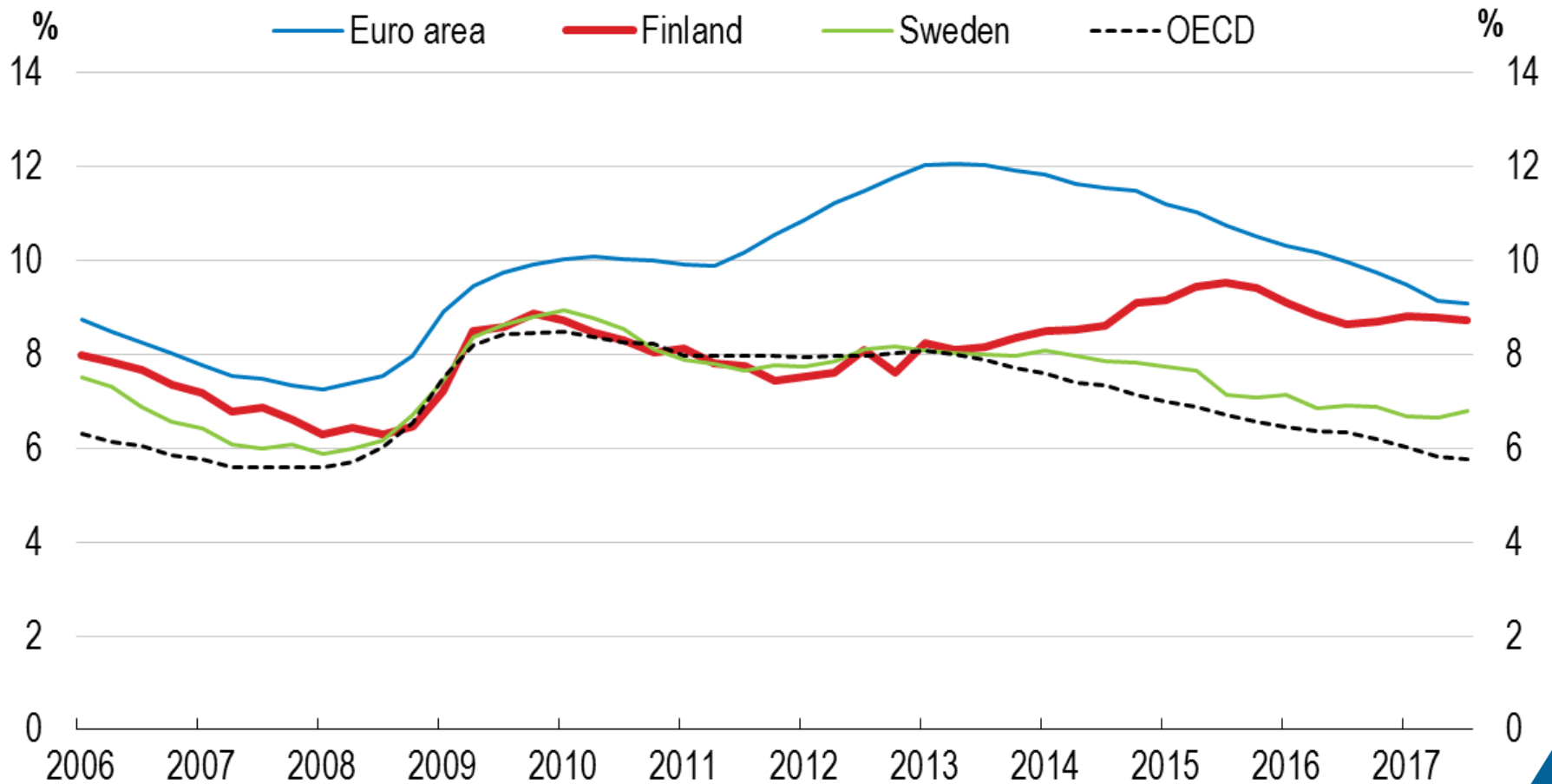


Note: OECD estimates for 2017 exports.

Source: OECD National Accounts.



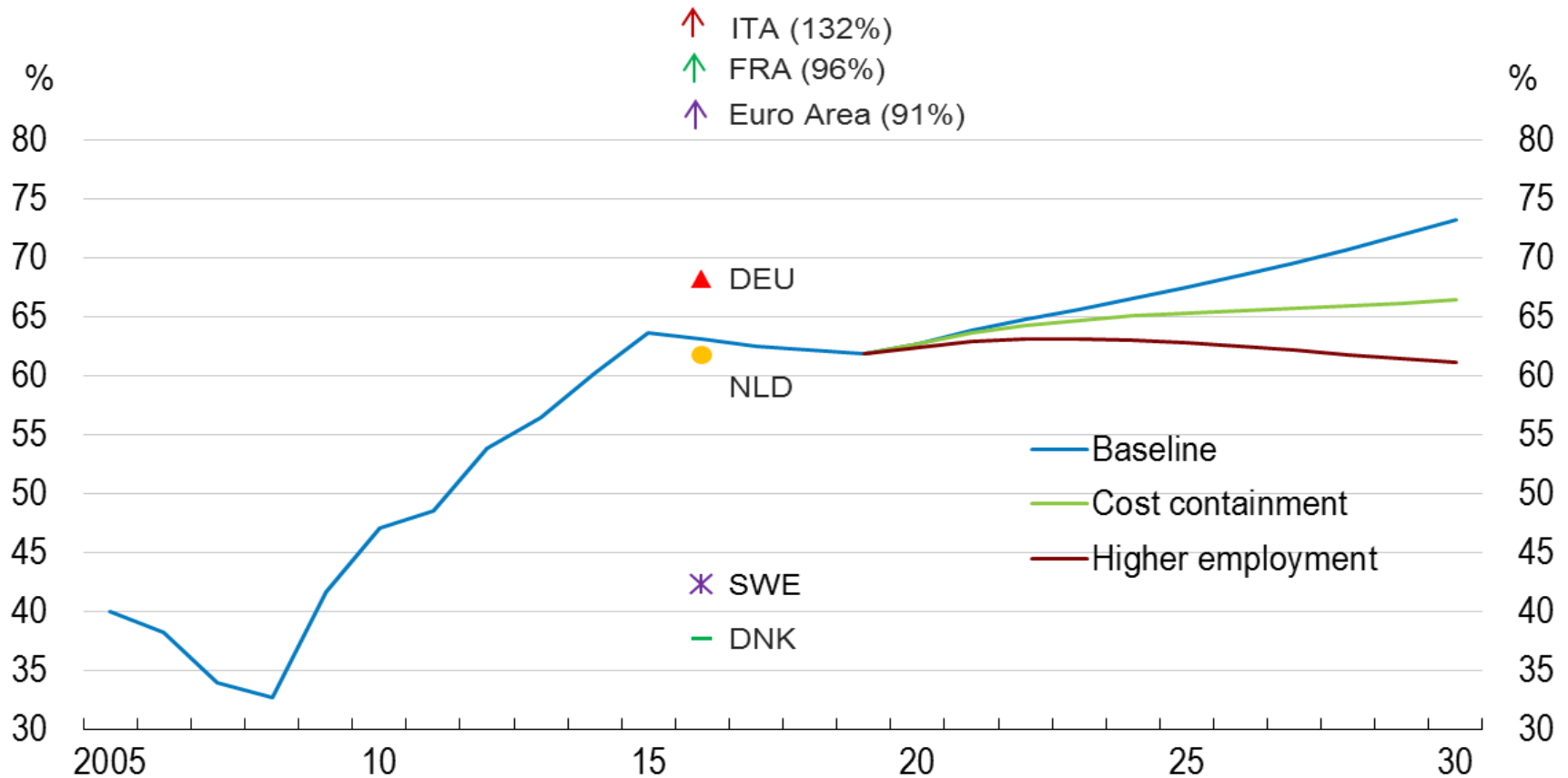
Unemployment remains high



Source: OECD Labour Force Statistics; and Economic Outlook database.



Health reform and higher employment would help stabilise debt



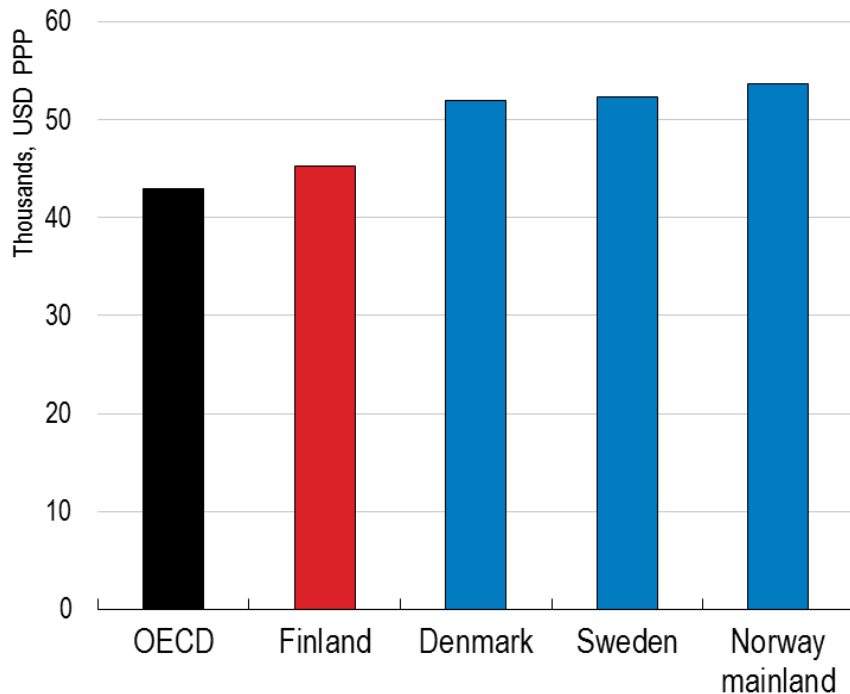
Note: The cost containment scenario assumes that reforms to the provision of health care and social services reduce growth in related spending by half. The higher employment scenario assumes cost containment in age-related spending and a higher employment rate of the population aged 15-64, which rises to 74% in 2030.

Source: OECD Economic Outlook database and OECD calculations.

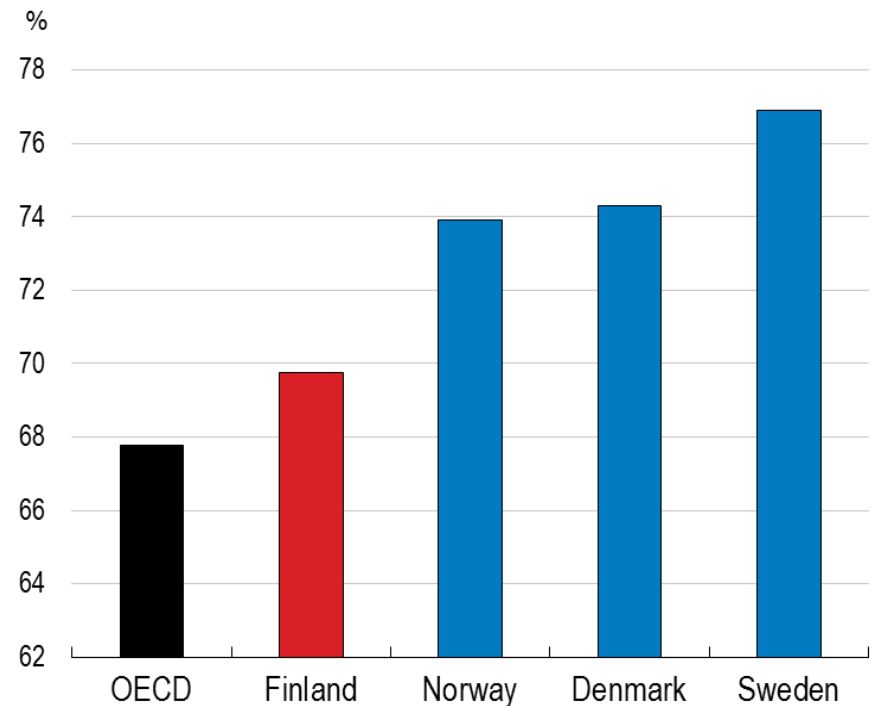


GDP per capita and employment rate are below the other Nordics

A. GDP per capita (2017Q3 or latest)



B. Employment rate, aged 15-64 (2017Q3)

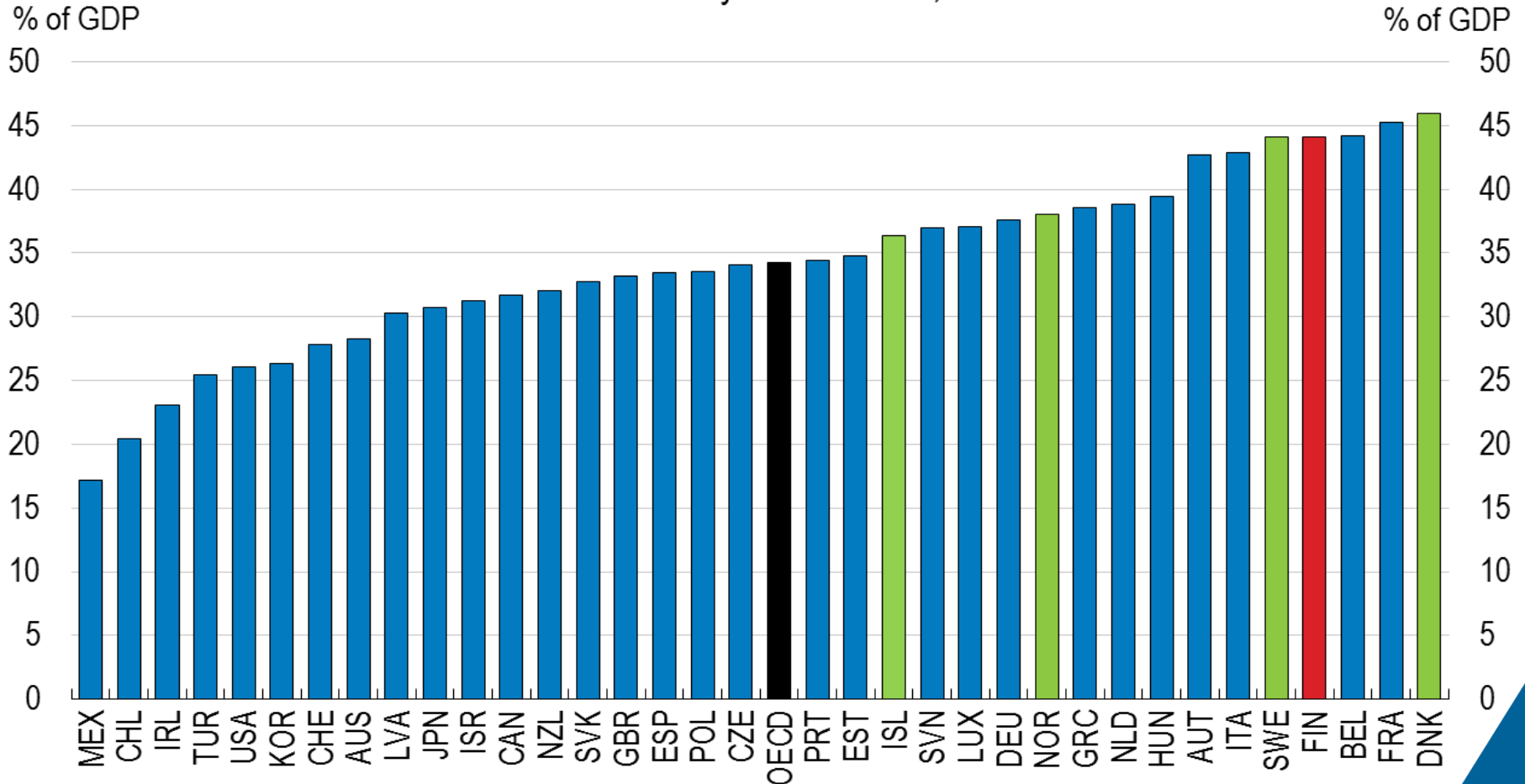


Source: OECD Economic Outlook database; and OECD Labour Force Statistics database.



The tax burden is among the highest in the OECD

Taxes and social security contributions, 2016 or latest



Source: OECD Revenue Statistics database.



Recommendations on macroeconomic policies and taxation

- Fiscal policy
 - Timely strengthening of budget buffers is needed.
- Financial stability
 - Contain growth in household debt through macroprudential tools, such as a loan-to-income cap, a debt service-to-income ratio or higher risk weights on mortgages.
- Taxation
 - Further reduce the tax burden on labour.
 - Increase minimum- and maximum- rates on recurrent taxes on immovable property, and better align the tax base with market valuations.
 - Increase environmentally-related taxes.
 - Broaden the consumption tax base and phase out reduced VAT rates.
 - Continue to phase out mortgage interest deductibility.
 - Phase out environmentally harmful subsidies.



More Information...

Disclaimers:

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

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