FINLAND:
ROAD TO RECOVERY AFTER COVID-19

OECD

Statistics Finland

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Summary

The economic situation in Finland during the COVID-19 crisis turned out to be less negative than OECD's early prediction. The magnifying effects of forward and backward linkages – through global value chains – also started to tail off. By the end of 2020, the manufacturing sector had nearly restored its confidence in production with business sales picking up. The services sector, however, still faces lingering effects of the pandemic due to mobility restrictions that are still in place. But bucking the trend, ICT industries in Finland, in both the manufacturing and services sectors, have gained an advantage during this crisis. The Finnish government's effective crisis management has mitigated the shocks. For instance, adequate financial support was available for furloughed workers and businesses in financial difficulties. Moreover, temporary changes in legislation have helped businesses to stay afloat during the crisis. In part because international merchandise trade regained momentum and the business confidence level began to bounce back, OECD projects a full economic recovery in the coming two years.

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Key findings of this report:

- Current business data show that the Finnish economy has demonstrated a "K-shaped" recovery path: while business turnovers have returned to pre-crisis levels in most manufacturing industries, only some services industries have seen sales picking-up;
- Young, female, low-skilled and low-income workers are overly represented among the furloughed workers;
- Some firms in heavily affected industries, especially SMEs with low turnover volumes, have been hit hard by the pandemic. However, SMEs seem less prone to shocks in trade than large businesses, though they are affected indirectly; and
- The Finnish government provided adequate financial support in conjunction with legal instruments, monetary and fiscal tools during the pandemic, thereby protecting jobs and incomes.

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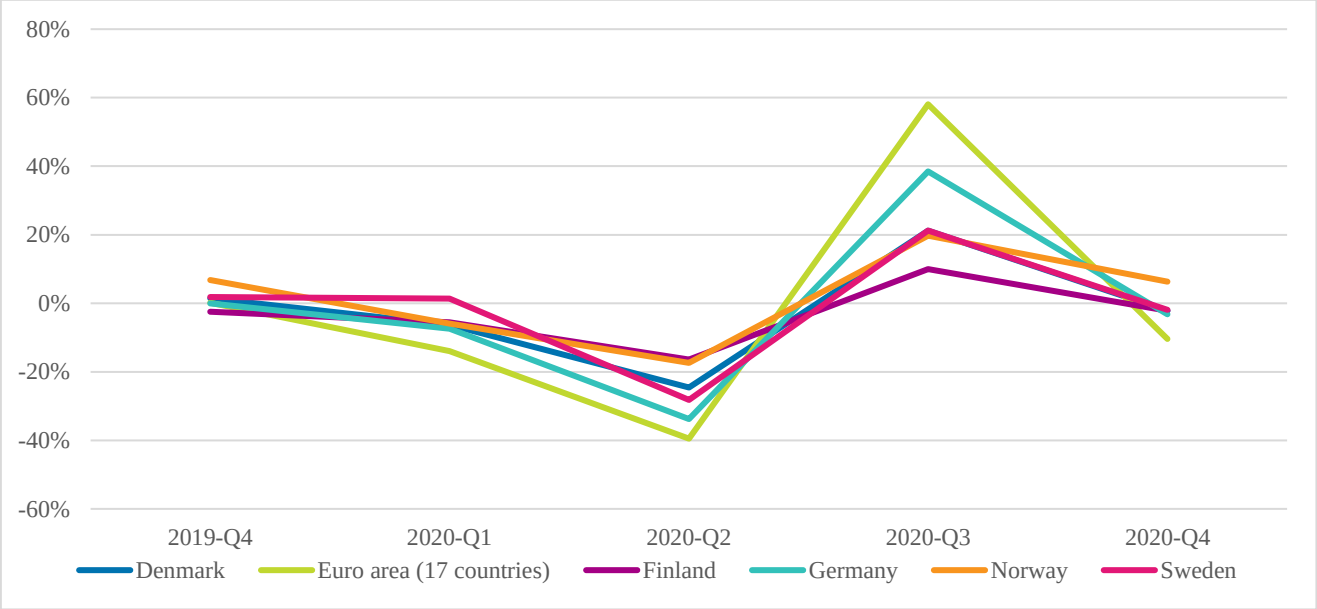
The impact of the COVID-19 crisis on the Finnish economy

GDP fell dramatically during the pandemic but by less than was initially feared

When the COVID-19 pandemic took hold, the OECD's June 2020 Economic Outlook predicted severe economic contractions for its member countries. Finland was no exception. However, prompt government responses to the crisis (OECD, 2020a) acted to mitigate this risk, and GDP contracted by only 16.4 percent: on a par with Norway, and by much less than in other Nordic countries, Germany, and the Euro area (see Figure 1). With a projected average growth rate of 2-3 percent for the next two years, according to the latest OECD projection, the Finnish economy is expected to return to pre-crisis levels in 2022.

Figure 1. On the Road to Economic Recovery

Gross domestic product, volume, growth in Finland, and other selected European countries (annualised series)



Source: OECD Economic Outlook 108, December 2020

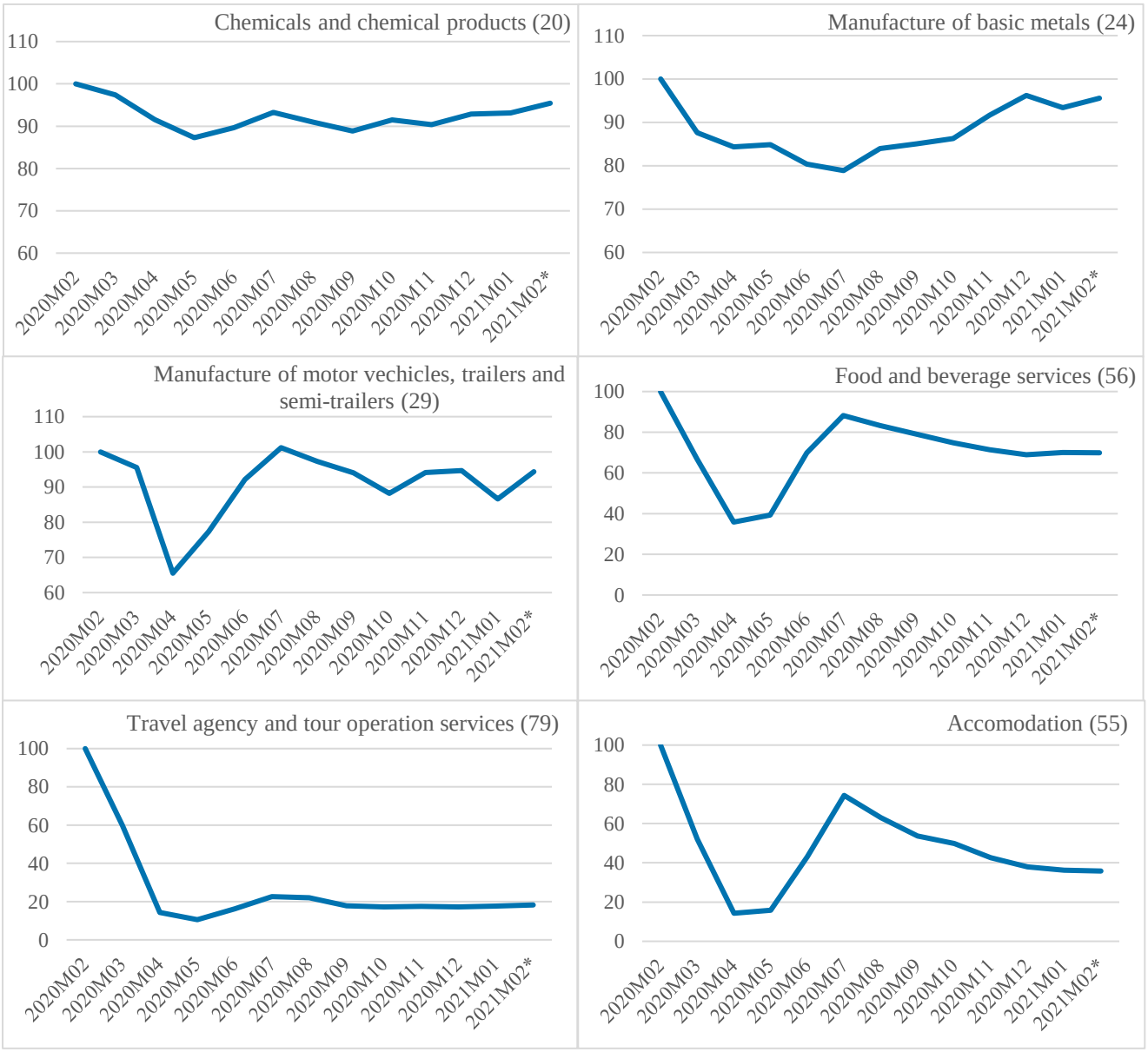
COVID-19 hits services harder than manufacturing sectors, with a longer-lasting impact

As was the case in all countries that introduced confinement measures, the services sector was especially affected. By the end of February 2021, for example, travel agency and tour operation services, accommodation, and food and beverage services saw sales fall by 82, 64 and 30 percent, respectively, compared to their pre-crisis levels (see Figure 2).[1] Small and medium-sized firms were especially hard hit as they do not have the same level of resilience as large firms (due to limited liquidity, limited finance and digital gaps with other large firms).

Whilst the pandemic also had an immediate impact on the manufacturing sector, most industries had to a large extent returned to pre-crisis levels by early 2021 (see Figure 2). Activities that were highly integrated in global supply chains, such as motor vehicles were hit hardest, with a year-on-year decline of 42 percent in April 2020 (see Annex Table 2). However, resilience in these chains has been high, boosted by measures introduced across the globe to restore confidence, and by the end of February 2021, the motor vehicle industry's sales had returned to about 94 percent of its pre-crisis levels.

[1] For more information at the detailed industry level, see Annex Table 1.

Figure 2. Seasonally Adjusted Business Turnover Index since the Beginning of the Pandemic (2020M2=100)



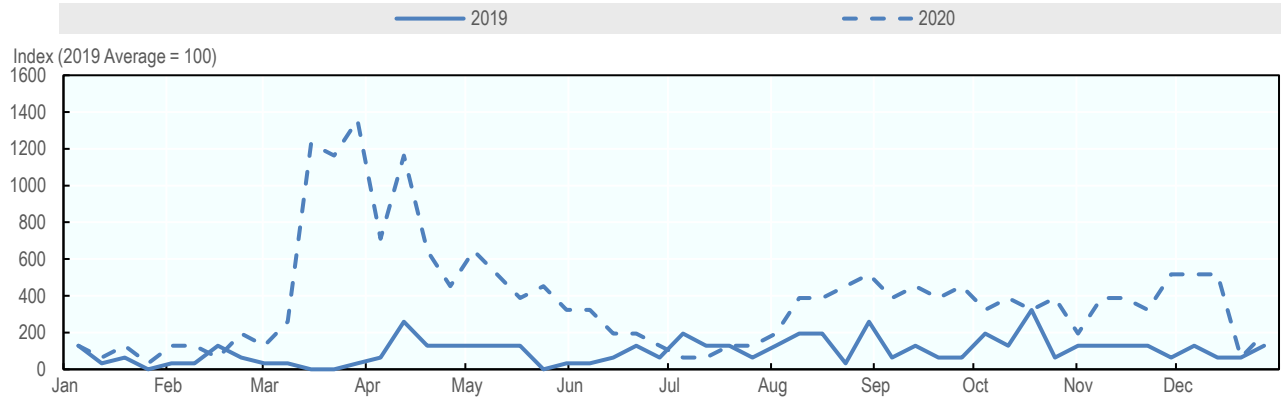
*Note: * Data for February 2021 is preliminary.*
Source: Statistics Finland, Monthly Business Turnover, seasonally adjusted index series.

Some manufacturing and service industries have performed better. For example, the electronics industry, as well as telecommunications, computer and information services have barely seen a dent in their sales compared to 2019 levels (see Annex Table 1). This is, in large part, due to the rise in teleworking arrangements requiring some businesses to operate online. Online searches for "Zoom" and "Microsoft teams" increased more than 14-fold during the peak of the pandemic compared to 2019 levels. Moreover, the increasing interest for other ICT products, taking Nintendo as an example, more than doubled during the same period (see Box 1).

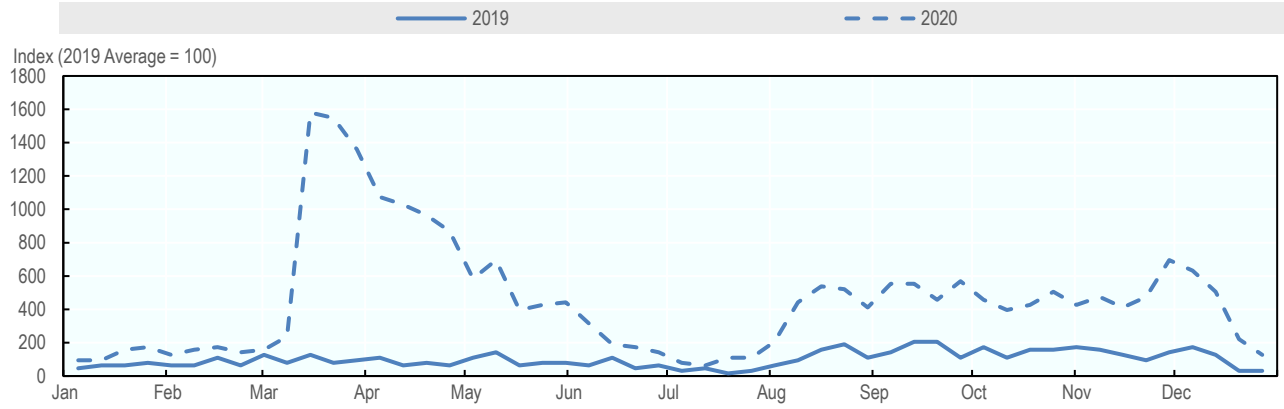
BOX 1. Booming IT services during lockdowns

A number of companies providing digital services saw increased levels of activity during 2020. In Finland, the online search for "Zoom" and "Microsoft teams" became overwhelmingly popular during the peak of the pandemic (end of March-May). In addition, data show that interest in Nintendo, a Japanese multinational consumer electronics and video game business, during March-May was more than double that of the year before (Figure B.1).

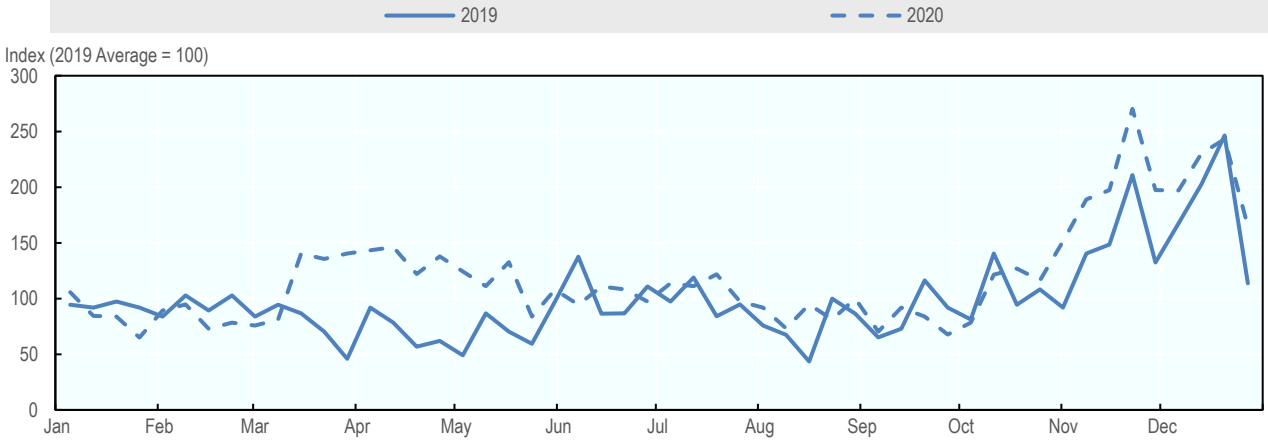
Figure B.1
Online Interest in Zoom in Finland
2019 vs 2020



Online Interest in Microsoft Teams in Finland
2019 vs 2020



Online Interest in Nintendo in Finland
2019 vs 2020



Source: Google Trends. OECD ADIMA (https://oe.cd/ADIMA) provides the strcuture of Nintendo's business affliliation.

Independent SMEs in the high risk industries are especially vulnerable

SMEs, which on average had only a few months of liquidity available at the start of the crisis, were especially vulnerable to prolonged lockdowns. Collectively, businesses at high risk of failure represented one-fifth of the business population in the Finnish private sector and over one-fifth of total employment (see Annex Table 1 and Annex Table 2). Most of these businesses are SMEs. [2]

Moreover, independent SMEs, as opposed to dependent ones (businesses that are affiliated with another enterprise or an enterprise group), represent as much as 96 percent of the high risk business population (see Table 1), and only a small fraction of economy activities that carried out by dependent SMEs (Figure 3). Government support has been crucial for the survival of these SMEs. A survey run by the OECD shows that business confidence has improved over the course of the pandemic – which can be directly linked to country's policy efforts to address SMEs' liquidity gaps (OECD 2020b).

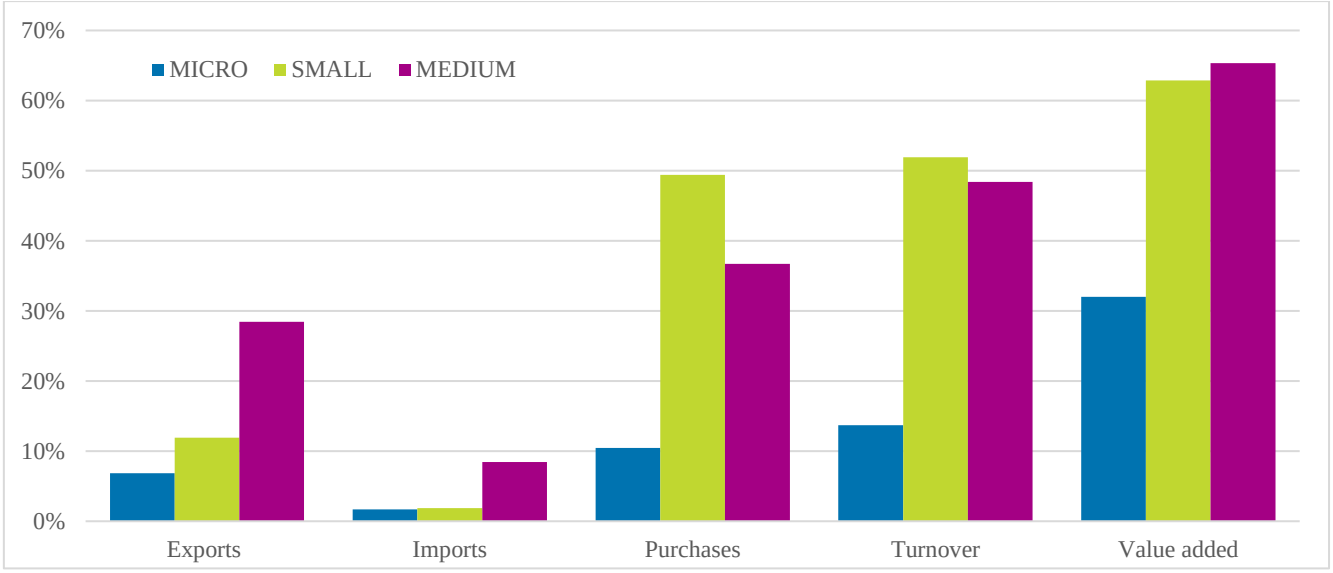
Table 1. Industries Exposed to High Risk during the Pandemic

Using 2018 data to show the size of businesses and their economic activities

	Independent			Dependent			LARGE	TOTAL
	MICRO	SMALL	MEDIUM	MICRO	SMALL	MEDIUM		
Business demography								
Number of enterprises	63,737	2,537	256	1,219	767	543	155	***69,214***
Average size (FTE empl.)	1	19	86	3	25	103	724	-
empl., % in total business empl.	4%	3%	2%	0%	1%	4%	8%	***22%***

Note: Industries that have, on average, larger than 10 percent drop (year-on-year change) in sales during March, April, and May 2020 are classified as high risk (see Annex Table 2 for definition of risk level).
Source: OECD and Statistics Finland (2020)

Figure 3. Industries Exposed to High Risk during the Pandemic: Independent SMEs Represent a Fraction of Economic Activities That of Dependent SMEs



Note: Industries that have, on average, larger than 10 percent drop (year-on-year change) in sales during March, April, and May 2020 are classified as high risk (see Annex Table 2 for definition of risk level).
Source: OECD and Statistics Finland (2020)

[2] Industries that have, on average, larger than 10 percent drops (year-on-year change) in sales during March, April, and May 2020 are classified as *high risk (see Annex Table 2 for definition of risk level)*.

Magnification of the devastating effects through global value chains

Trade shocks temporarily created shortages for Finnish production through forward and backward linkages

Finland, as a small open economy, is highly dependent on global value chains. The foreign value-added content in its exports is as high as 40 percent, among the highest among OECD countries (OECD-Statistics Finland, 2020). About three quarters of Finnish merchandise imports are either for intermediate consumption or for investments in capital goods, some of which are critical for Finnish production lines.

The pandemic has created a dent not only in production, but also in international trade. Finnish exports and imports of goods and services dropped during the first quarter and contracted even further during the second quarter of 2020, though the quarter-on-quarter decrease halted by the third quarter. Merchandise trade performed better than trade in services, from the perspective of both imports and exports. For merchandise trade, the year-on-year change in the third quarter of 2020 was -9.2 percent for exports and -11.4 percent for imports. Meanwhile, the corresponding values for services trade were -31.8 percent for exports and -22.4 percent for imports, reflecting the collapse in tourism, and especially in air transport.[3]

Finland remains a net exporter of key commodities and products of traditional manufacturing industries. Paper, basic metals, vehicles, and ships and boats contribute the lion's share of Finnish manufacturing exports. During the pandemic, exports of these products suffered the most, not least because these industries are also highly dependent on their oversea suppliers: half of their inputs for production are foreign. Supply shocks caused by the pandemic temporarily affected production lines, and hence exports. The decline in exports of these products, together with mineral fuels, explains about 70 percent of the drop in Finnish exports through to the end of the third quarter of 2020 (Figure 4.a). Deviating from the general trend, products with a positive impact on exports were precious stones and precious metals, copper, nickel, (largely driven by price effects, see below) and pharmaceutical and chemical products, which were in high demand (Figure 4.a).

Looking to imports, mineral fuels, vehicles, machinery and mechanical appliances, electrical machinery, as well as iron and steel accounted for over 86 percent of the decline in trade. Most of these products are used as intermediate production inputs in various industries, certainly interrupting businesses operations across a wide spectrum. Meanwhile, imports of textiles, animal and vegetable fats, pharmaceutical products, precious metals, and fruits and nuts grew (see Figure 4.b).

These changes in trade are, of course, related to the temporary supply shock caused by the pandemic. However, as the situation stabilised, merchandise trade started to pick up a normal pace (also seen in the recovery of business sales of the manufacturing sector, see Annex Table 1 and 2).

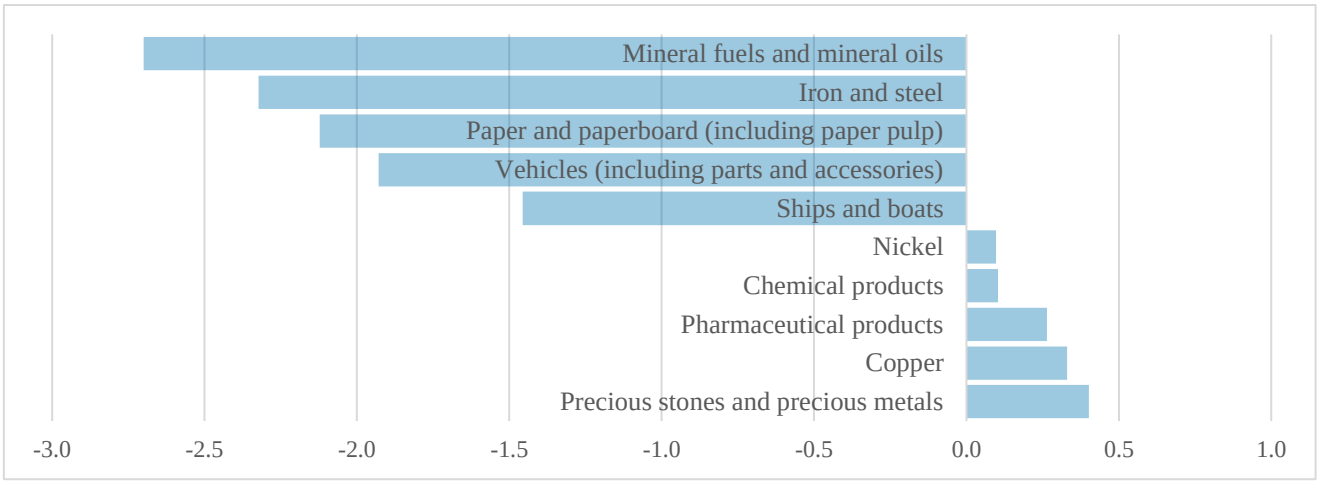
The changes in trade are also a result of fluctuations in commodity prices, which were at least partially driven by confidence effects and economic shocks related to the pandemic. For example, trade in mineral fuels declined significantly, mainly due to the fall in oil price. The average price of Brent crude oil fell to 42 dollars per barrel in 2020 from an average 64 dollars in 2019. The price fell as low as 18 dollars in April 2020 – the lowest since 1999 – due to the significant declines in consumption and a sharp rise in inventories. In volume terms (i.e. after adjusting for price changes), trade in crude oil stabilised in the third quarter, as demand bounced back. Similarly, the increase in exports and imports of precious stones and precious metals was underpinned by the sharp increase of prices, such as the price of gold, which increased 27 percent on average in 2020. The prices of other key commodities have fluctuated too, but to a lesser extent than crude oil and gold.

[3] Foreign trade data on goods and services using national accounts basis, Statistics Finland.

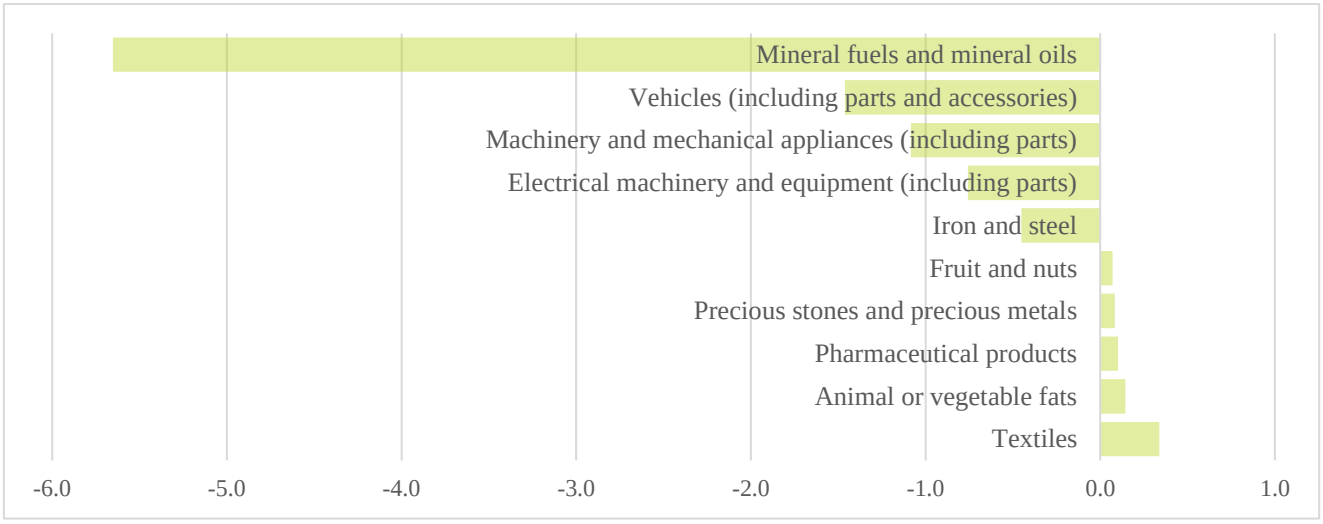
Figure 4. The Top Five Products Contributing to Changes in Merchandise Trade

During the first three quarters of 2020, compared to the same period in 2019, percentage points, current prices

a) Exports



b) Imports



Note: Using UN classification of Harmonised System at 2-digit level.
Source: UN COMTRADE database

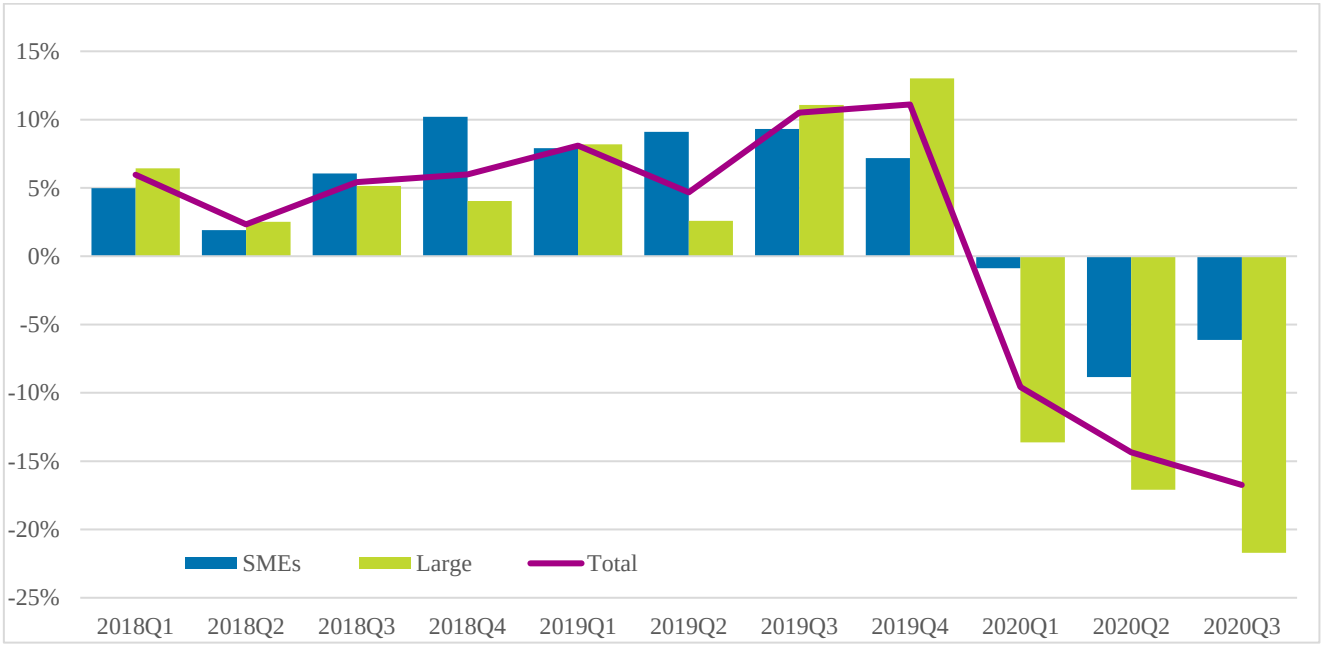
Some notably resilient products are pharmaceutical products (including medical products), which contributed 0.1 and 0.3 percentage points to the growth of imports and exports respectively during the first three quarters of 2020.

SMEs seem less vulnerable to shocks in trade than large businesses, although they are affected indirectly

During the crisis, the resilience of companies has been increasingly tested (OECD 2020b, OECD 2020c), and exceptional circumstances have affected companies of different sizes through different channels. From an export perspective, in the first two quarters of 2020, SMEs were less affected by trade shocks than large companies. Year-on-year exports of SMEs fell by less than one percent in the first quarter and by about nine percent in the second quarter (see Figure 5.a). By comparison, exports of large companies fell by 14 percent in the first quarter and by 17 percent in the second quarter (Figure 5.a). Unsurprisingly, the sharpest drop in trade took place in large (personal) services companies, as the crisis has particularly affected the mobility of people, which has led to a

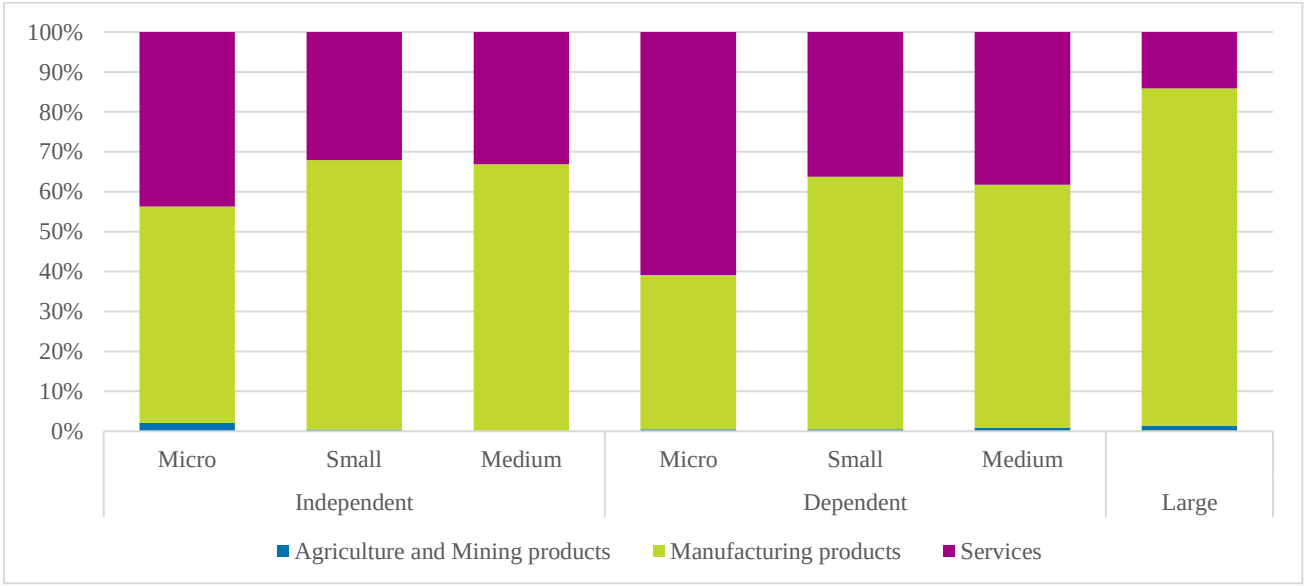
collapse in inward and outward tourism. According to Finnish business data from the latest non-crisis year, trade in services represents a larger share of SME's exports than that of large firms (see Figure 5.b).

Figure 5.a Year-on-year Change in Exports by Firm Size, 2018Q1-2020Q3



Note: Small- and medium-sized companies have less than 250 employees and large companies have 250 employees or more (according to their 2018 business profiles).
Source: Statistics Finland, International trade in goods and services, and Business register

Figure 5.b Exports Profile by Firm Size, 2018



Note: Unknown products, which accounts for 20% of total Finnish exports, are excluded from the calculation.
Source: Statistics Finland, International trade in goods and services and Business register

As large companies are more directly dependent on international markets than SMEs, one might expect that the impact of COVID-19 on trade flows would be greater on large businesses than on smaller firms. However, while the impact on SME direct exports has been less than that on larger firms, SMEs in both services and manufacturing sectors have been affected through their indirect upstream and downstream exposure. Table 2

shows, according to the latest data available from a normal, non-crisis year, that other Nordic countries are important trading partners – about 20% of Finland's exports are to other Nordic countries. And this is particularly true for Finnish SMEs. Therefore, these countries responses to COVID-19 have a spillover effect on how fast SMEs' exports can rebound to their pre-crisis levels. Furthermore, independent SMEs' gross exports only amount to 5-15 percent of their total value-added. When accounting for their indirect exports (as upstream providers) via other businesses, their dependency on the export market is at least doubled (see Figure 6.a). In addition, a significant share of employment depends on these indirect exports (see Figure 6.b).

Table 2. Export Profiles of Finnish Firms, by Destination, 2018

	Independent			Dependent			Large
	Micro	Small	Medium	Micro	Small	Medium	
Export share							
Nordics	23%	20%	21%	50%	28%	18%	16%
EU&UK excluding Nordics	32%	40%	42%	34%	44%	46%	46%
Russian Federation	20%	10%	7%	5%	4%	4%	4%
Rest of the world	25%	30%	30%	11%	25%	32%	34%
Number of desinations							
Merchandise	184	174	133	142	182	201	211
Services	137	124	184	128	170	234	234

Note: Rest of the world also includes labelled "unknown" destinations.
Source: Statistics Finland, International trade in goods and services and Business register

Figure 6.a Trade Affects SMEs through Domestic Linkages (as Upstream Providers for Exporting Businesses)

Direct and indirect exports as a share of total value-added

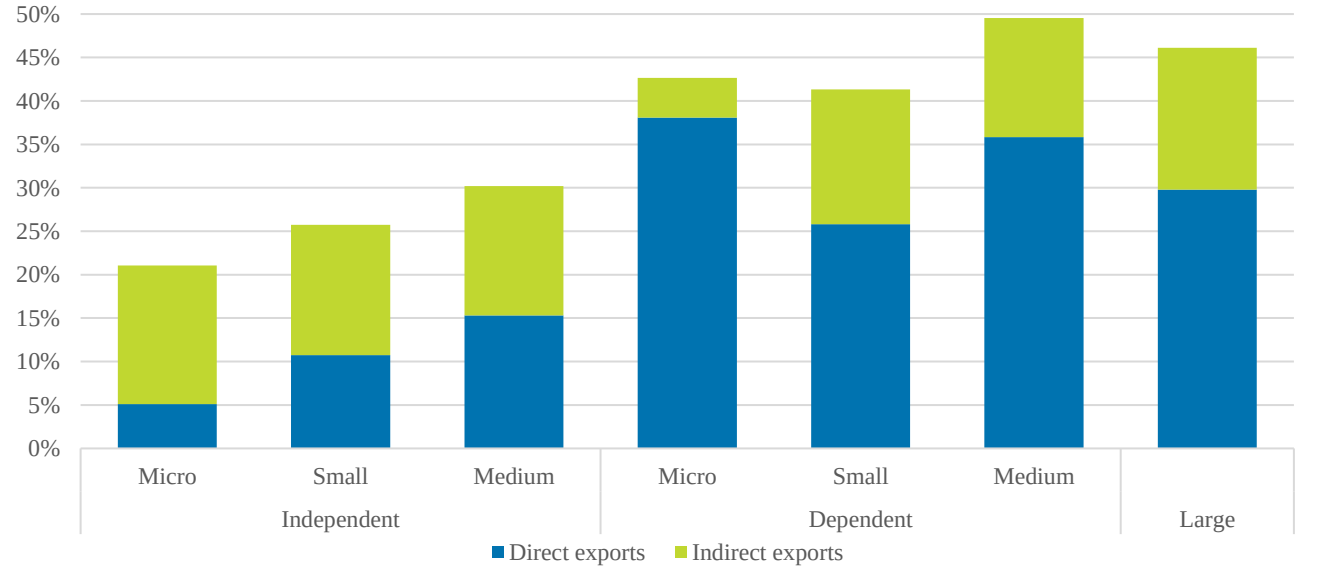
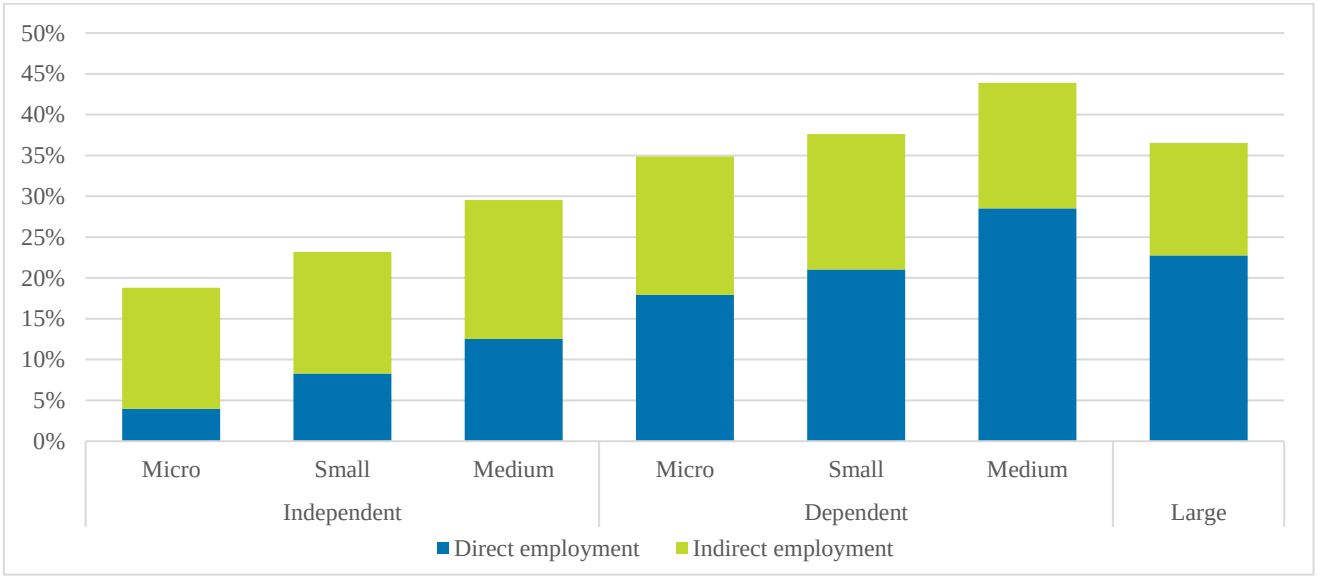


Figure 6.b Trade Affects Jobs of SMEs through Domestic Linkages (as Upstream Providers for Exporting Businesses)

Direct and indirect employment embedded in exports as a share of total employment



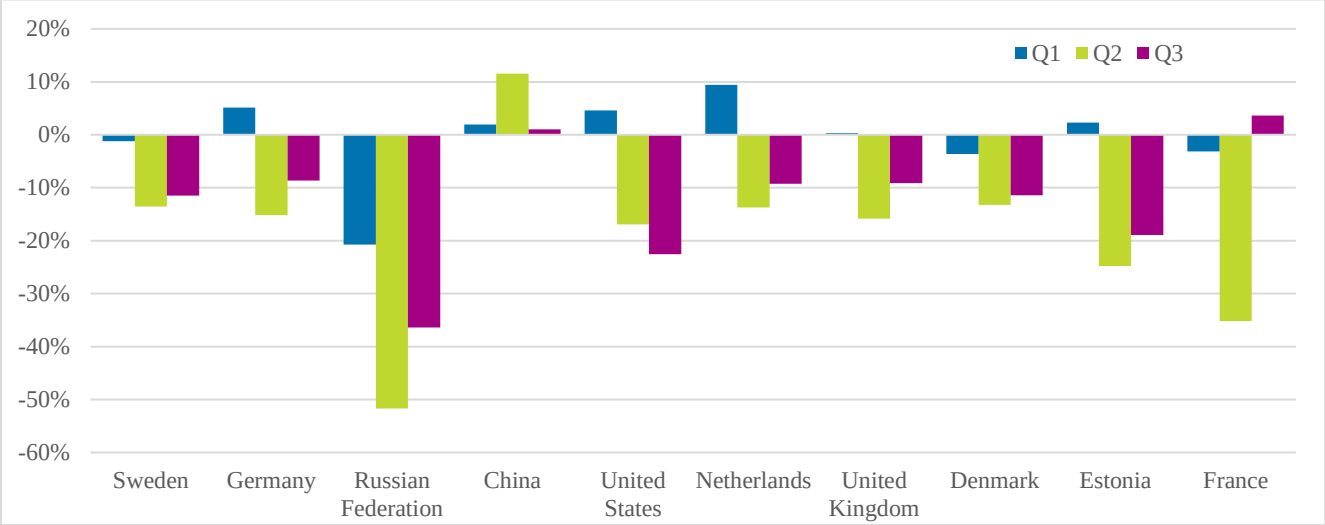
Note: Private sector excluding agriculture (A), finance & insurance (K), real estate (L), education (P), health and social work (Q) and part of other service activity (S).
Source: OECD and Statistics Finland (2020).

Location matters: imports from Russian Federation fell the most during the pandemic

During the first peak of the pandemic, in the second quarter of 2020, merchandise imports of intermediate goods decreased by 28 percent. Mining and quarrying products and motor vehicles (including parts and components) explain 17 percentage points of this fall. The imports of mining and quarrying products are important for the production of the basic metal industry (one of the leading export manufacturing industries in Finland), as well as for the production of many other manufacturing industries. Furthermore, the decline in intermediate imports in the motor vehicles industry interrupted production in the sector as demonstrated by the business monthly sales data above. Therefore, the sharp fall in imports during the pandemic created a temporary supply shortage of these products. Similarly, falling foreign demand had an impact on Finnish businesses, not only on the businesses that export directly, but also on the businesses that export indirectly as upstream providers.

Location also matters. Sweden, Germany and the Russian Federation – in close proximity to Finland – are the most important partners for imports (Figure 7). Russia is by far the largest supplier of mining and quarrying products, providing nearly 80 percent of what Finland needs as intermediate inputs for other businesses and their production. The imports from Russia were 50 percent smaller in the second quarter of 2020 than in the same quarter of the previous year; meanwhile cumulative imports from the first three quarters were 35 percent smaller than the same measure taken for the previous year. Moreover, imports from France and Estonia – other important partners – have also been severely interrupted during the pandemic – with a 35 and 25 percent fall respectively in the second quarter of 2020. For Finland, France is an important supplier of both merchandise (chemical products and motor vehicles) and services. Meanwhile Estonia, benefiting from its geographical location, has become a key partner over the past few years, mainly driven by rising services trade. The exception to these downward developments is the increase in imports from China in the second quarter.

Figure 7. Year-on-year Change of Imports, Goods and Services, From Top 10 partners, 2020



Source: Statistics Finland, International trade in goods and services data, quarterly

While production is likely to recover within the coming two years (OECD, 2020), the outlook for trade remains uncertain. Nevertheless, in the short term, merchandise trade is likely to recover faster than services trade, as production gradually returns to normal, and consumer and business demand reboots (see Annex Table 1). Meanwhile, services trade – particularly tourism and air transport – is unlikely to pick up in the near future due to foreseen restrictions.

Lives and livelihood matter more in time of the COVID-19 crisis

In Finland, employment was hit harder than in other countries in the euro zone

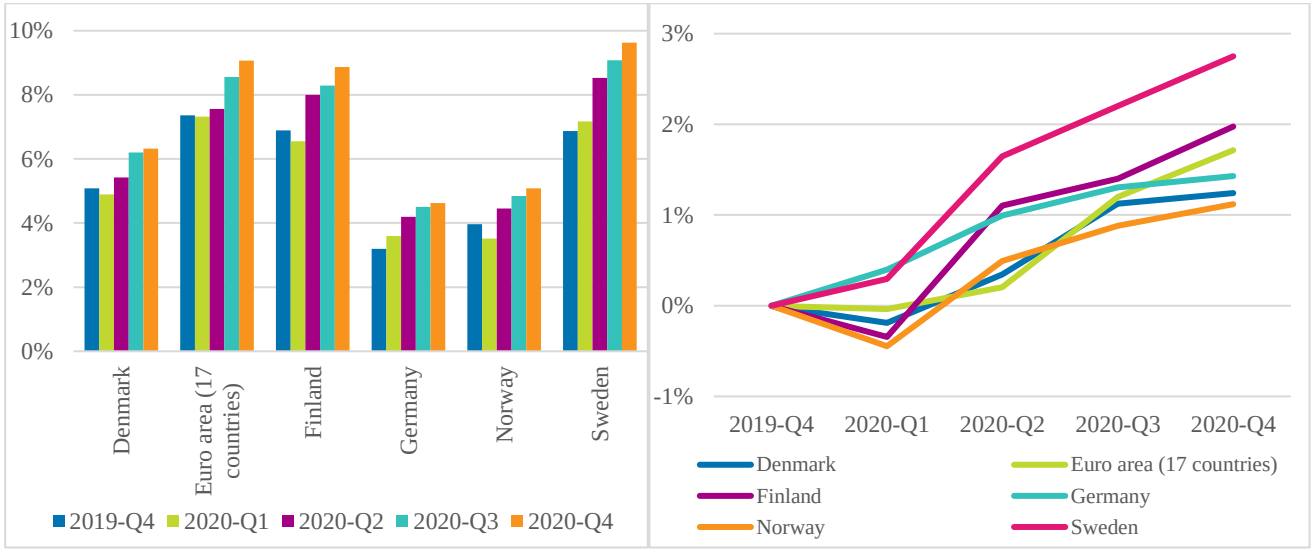
Despite its rather moderate reduction in economic growth, Finland's unemployment rate increased faster than that of most of the other European economies since the last quarter of 2019 – notwithstanding challenges in compiling comparable measures of unemployment during the crisis.[4] Before the crisis, Finland's unemployment rate stood at 6.9 percent, on a par with its closest economic partner – Sweden – but higher than Germany, Denmark and Norway (see Figure 8). By the last quarter of 2020, the Finnish unemployment rate had increased by 2 percentage points, to 8.9 percent, while Sweden saw its unemployment rate soar even higher, to 9.6 percent.

The employment data, as published by Statistics Finland, illustrate that Finnish industries also temporarily reduced working hours (or temporary lay-offs) during the peak of the pandemic. The number of employed persons and the total hours worked by the employed often move in sync during normal times, as the variables are highly correlated (i.e. the number of people working part-time is generally stable). During the COVID-19 crisis, however, this was not the case (see Figure 9). Unsurprisingly, sectors most affected by containment measures or social distancing rules have shown bigger differences between employed persons and total hours actually worked. Taking the manufacturing sector as an example, the year-on-year change in employed persons showed a drop of 3 percent in the second quarter of 2020, while hours worked dropped by 7 percent. This shows that Finnish businesses, in addition to laying off employees, have also opted to reduce working hours (through furlough arrangements) to help their businesses and their employees survive this economic hardship.

[4] For a discussion about the comparability of (un)employment data, and how countries have treated furloughed workers in their official employment statistics, please refer to an article published in the OECD Statistics Newsletter, "Has COVID-19 distorted international comparability of unemployment rates?"
(Issue No. 73, December 2020)

Figure 8. Finland: Unemployment Rate Rises Faster Than in the Euro Area

a) Unemployment rate, percentage of labour force b) Changes since the 4th quarter of 2019



Source: OECD Economic Outlook 108, December 2020

Without the furlough scheme, the situation would have been worse in Finland. Indeed, this scheme has prevented thousands of Finnish workers from entering into the unemployment statistics. The furlough scheme not only delayed the peak time of unemployment by three months (from April to July), but also reduced the magnitude of the peak (see Figure 10). Meanwhile, the Finnish government amended rule on employment security and increased access to unemployment benefit. Furloughed workers could immediately claim income-linked benefits from unemployment funds, while self-employed and freelancers also had access to unemployment benefits during the crisis.[5]

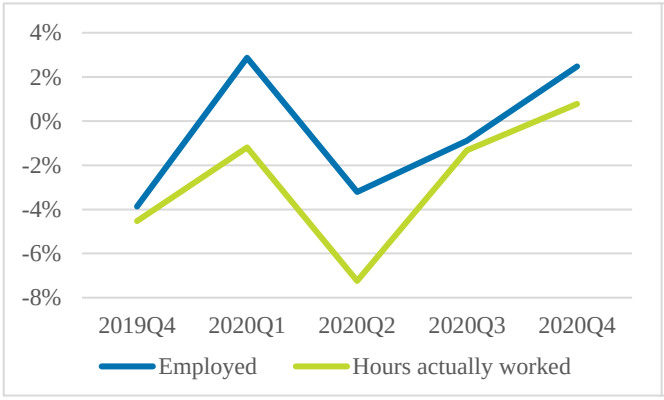
The Finnish government also provided support to SMEs and hard-hit service industries with legal instruments, as well as monetary and fiscal tools during the pandemic, thereby protecting jobs and incomes. Examples include a series of temporary changes, such as reductions in pension contributions (and delays in payments) for employers, increased flexibility in labour legislation in order to speed up negotiations regarding temporary layoffs, and amendments to bankruptcy-laws in order to keep struggling businesses standing. Furthermore, the government budgeted billions of euros in the form of grants and guarantees to help businesses experiencing financial hardship. Consequently, the number of bankruptcies declined by 18.6 percent between 2019 and 2020.[6]

[5] For Finland's policy responses to COVID-19, please refer to https://www.sttk.fi/en/2020/04/15/finlands-response-to-mitigate-the-impact-of-the-covid-19-pandemic/ . OECD Economic survey has also provided an excellent summary (OECD 2020a)

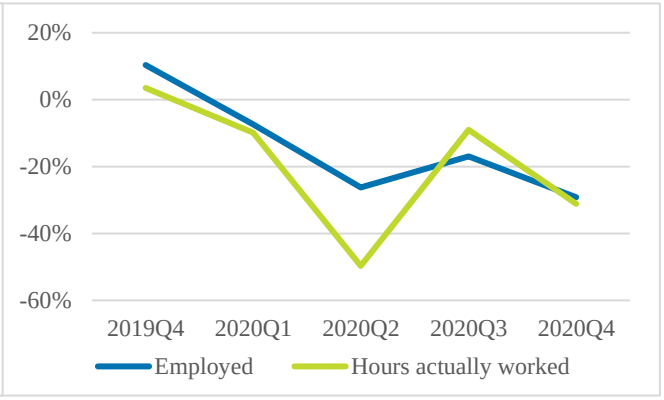
[6] https://www.stat.fi/til/konk/2020/12/konk_2020_12_2021-01-27_tie_001_fi.html (in Finnish and Swedish only)

Figure 9. Employed vs Hours Actually Worked, Year-on-year Changes

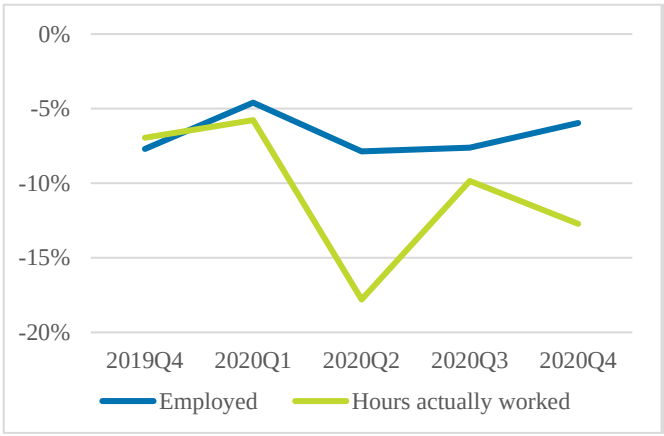
a) Manufacturing



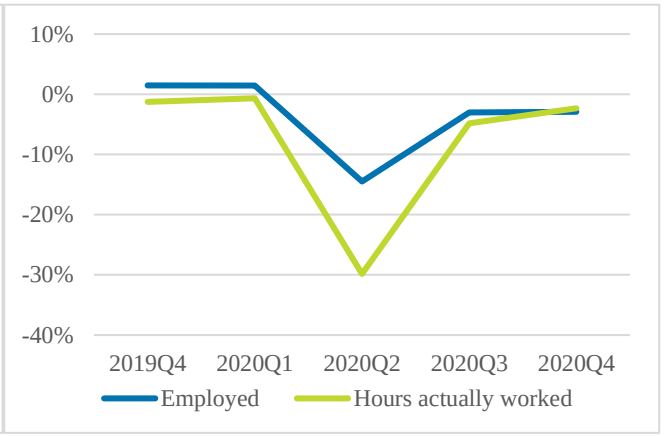
b) Accommodation and food services



c) Art and entertainment

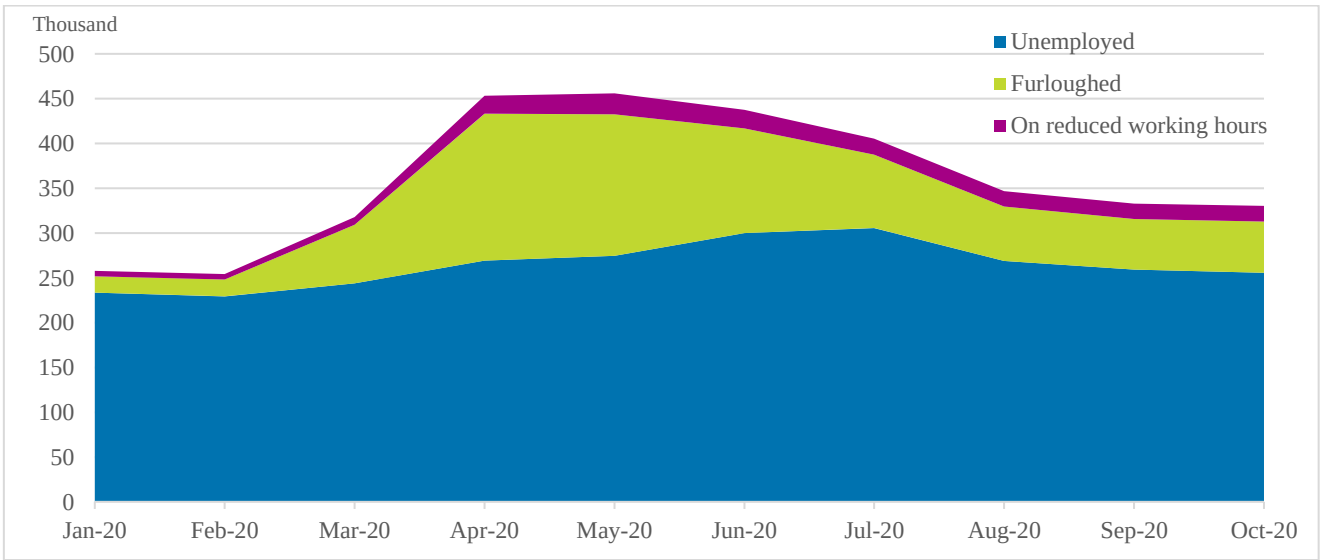


d) Land, water and air transport



Source: Statistics Finland, quarterly employed persons and employees aged 15-74 and hours actually worked by employed persons and employees, by industry

Figure 10. Furloughs Have Limited the Increase in Unemployment during the Pandemic



Source: OECD Economic Survey, Finland

Young, female, low-skilled and low-income workers are overly represented among the furloughed

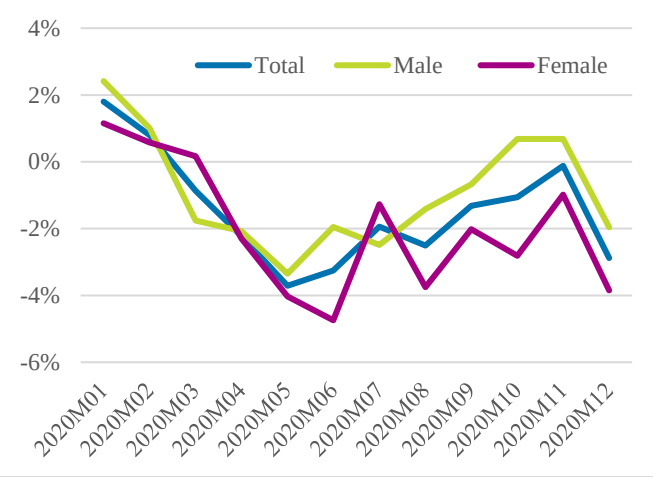
Finland´s monthly employment data show that female workers and young workers were more affected than other groups during the crisis. The number of female employees decreased by four percent year-on-year in the second quarter of 2020, during the peak of the pandemic, while the number of male employees decreased by only two percent (see Figure 11). Unsurprisingly, since firms in the services sector employ more women, and the services sector absorbed a larger shock than firms in the manufacturing sector (as previously demonstrated), employed women were hit harder than men. Furthermore, data on job seekers, maintained by the Ministry of Economic Affairs and Employment of Finland, mirror these developments. In April 2020, unemployment increased by 73 percent for men (97,200 new jobseekers) and by 110 percent for women (106,200 new jobseekers), compared to the numbers in the previous year.[7]

Youth employment (age 15-24) was most affected by the pandemic, with employment in this category falling by one fifth between May 2019 and May 2020 (also see Table 2).

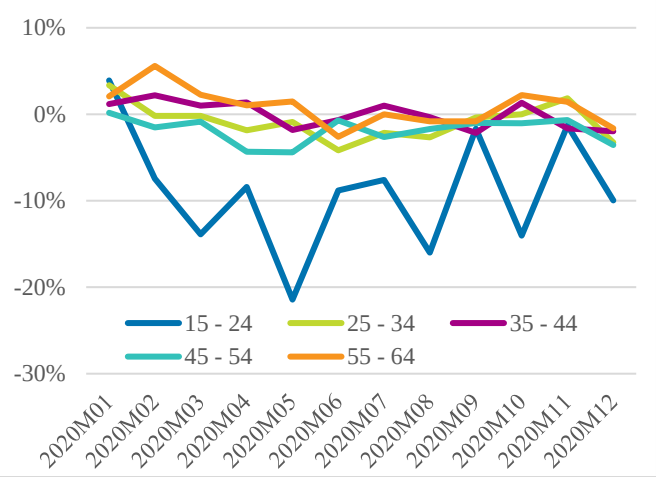
Figure 11. Changes in Employment, January-December 2020

Expressed as a share of employment during the same month of the previous year

a) By Gender



b) By Age Group



Source: Monthly labour force survey

Because the pandemic had a more detrimental effect on the services sector as well as businesses that cannot operate remotely (i.e. via teleworking), low-skilled and low-paid workers were more affected. When comparing workers in the industries most affected by the pandemic (i.e. industries with a year-on-year decrease of 10 percent on average during March-May 2020) with all workers in the Finnish economy, it has been shown that low-skilled workers are overly represented in these high-risk industries, regardless of the size of business or group dependency (see Figure 12.a). For example, about 13 percent of high-skilled workers in large Finnish companies work in the high-risk industries, while this number for low-skilled workers amounts to 22 percent. Furthermore, in independent SMEs, an even higher share – about 30 percent – of low-skilled workers are employed in these high-risk industries.

Similarly, high-risk jobs during this pandemic are often low paid. This is because the services sector typically pays lower wages, on average, than the manufacturing sector, for all skills levels. For instance, given that most of the high-risk businesses are in the services sector, the average salaries of these businesses are 5-20 percent lower than the average salaries in Finland (Figure 12.b). In fact, the discrepancy in pay between high-skilled workers in the Finnish economy and high-skilled workers in these high-risk businesses is larger than that between low-skilled worker in the Finnish economy and low-skilled workers in the high-risk businesses. Independent

[7] https://tem.fi/en//publicationslist?subject=employment-bulletin

small firms in these highly-affected businesses pay 13 percent less to high-skilled than average high-skilled workers in Finland, while they pay 8 percent less to the low-skilled than average low-skilled workers in Finland. The evidence also suggests that the wage gaps for high-skilled workers between the manufacturing and the services sectors are larger than those of low-skilled workers.

Figure 12.a The Pandemic Has Affected Low-Skilled Labour More

Employment skill profile of highly-affected industries as a share of total economy

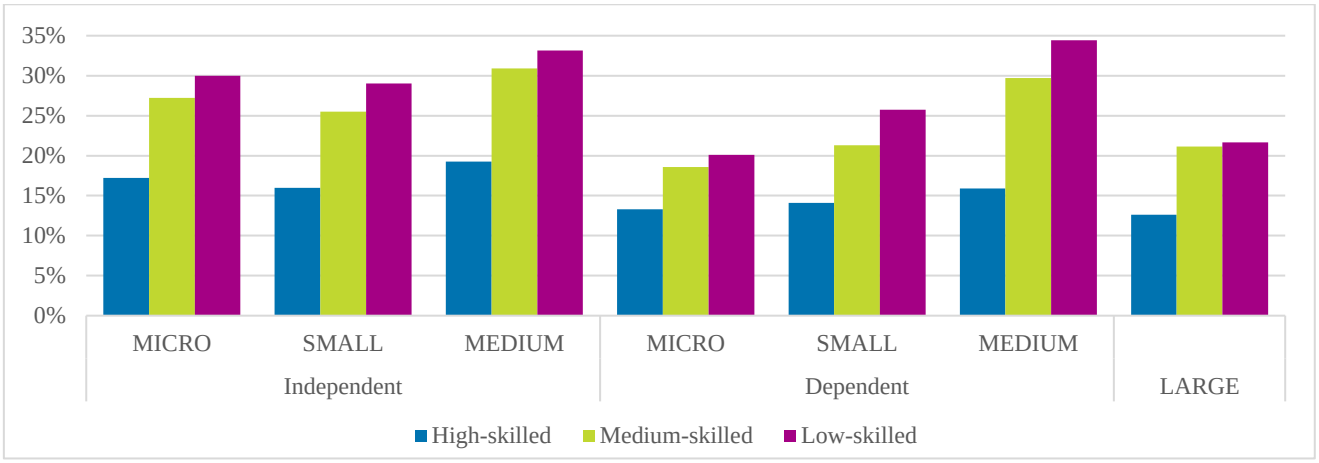
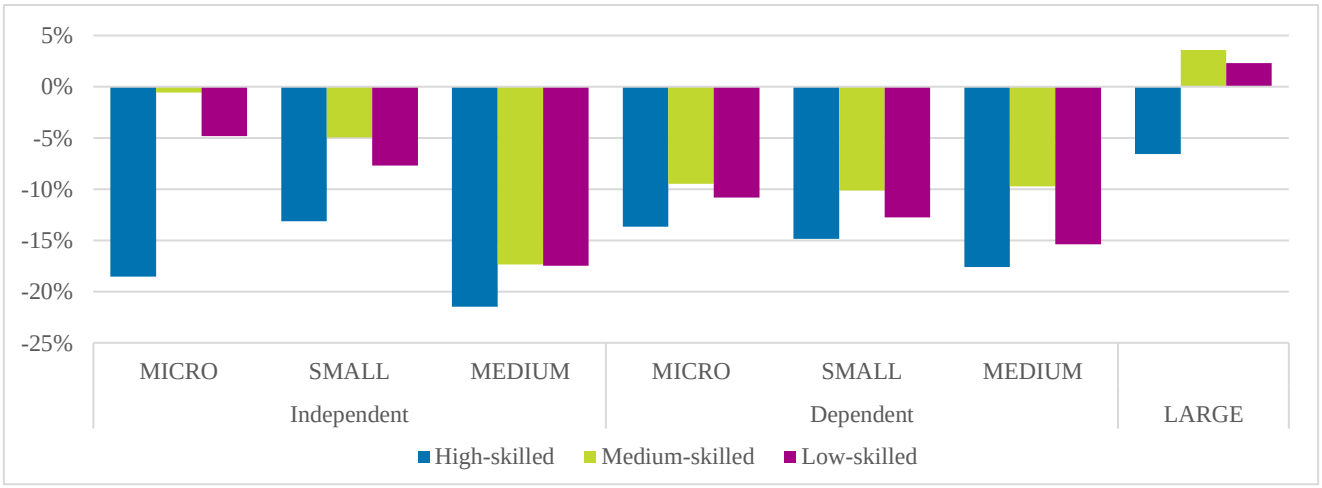


Figure 12.b The Pandemic Has Affected Low-Paid Labour More

Average salaries of highly-affected industries as a share of average salaries in the total economy



Note: Industries that have, on average, larger than 10 percent drop (year-on-year change) in sales during March, April, and May 2020 are classified as high risk (see Annex Table 2 for definition of risk level).
Source: Statistics Finland, micro-data linking and FOLK database, using 2016 business employment and salary information for this study.

The road to recovery remains fragile

Global value chains, fiscal policy and consumer confidence are vital for post-crisis recovery

A year has already passed since COVID-19 hit large parts of the world economy, and the progress made with vaccines and improved treatments in hospitals are starting to restore confidence into businesses and society at large. Relevant indicators show that the level of business confidence bounced back in Finland in January 2021,

from its lowest point in May 2020.[8] The economic situation turned out to be less devastating than previously estimated and, globally, a return to pre-crisis levels of activity is expected next year. In Finland, business data indicate that the manufacturing sector has already resumed most of its production to the pre-crisis level. However, the negative impact of the pandemic will linger somewhat longer in the services sector, especially in some heavily affected industries such as travel services, food and accommodation services, and arts and entertainment. According to a Finnish business survey, the unemployment rate is expected to peak in 2021 as some temporary lay-offs become permanent.[9]

Household final consumption would continue to be a driving force for the economic recovery, if consumer confidence continue to increase from its low in April 2020, and the built-up household savings (accumulated during the pandemic due to the supply shock and confinement rules) materialises in actual spending.[10] Demand for travel, especially international travel, will remain minimal for a longer period of time until all remaining dust of COVID-19 settles. ICT industries, both in manufacturing and in the services sector, have however seen their sales pick up throughout the period of the pandemic. The growth in sales has also created additional demand for the products from its upstream providers through supply chains.

Finland's management of the pandemic has been appropriate, in line with what was necessary (OECD, 2020a). The swift government response, through various legal and financial instruments, has mitigated the shocks caused by COVID-19, making Finland one of the OECD countries with the smallest reduction in GDP. On the one hand, targeted confinement measures that limited the loss of mobility reduced uncertainty among businesses and consumers, and on the other hand, rescue packages and financial support from government prevented mass bankruptcies and saved jobs and incomes (OECD, 2020a). Supporting economic activity remains vital in this current fragile economic state – through multi-pronged government programmes to help businesses and employees to get through these financial difficulties.

[8] https://www.statista.com/statistics/623698/business-confidence-in-finland/.

[9] https://ek.fi/ajankohtaista/tiedotteet/ekn-yrityskysely-koronan-toinen-aalto-nakyy-nyt-myos-yrityskentassa/ (in Finnish)

[10] See Statistics Finland's release on consumer confidence indicator and household's net financial assets: http://www.stat.fi/til/kbar/2021/03/kbar_2021_03_2021-03-29_tie_001_en.html and http://tilastokeskus.fi/til/rtp/2020/04/rtp_2020_04_2021-03-26_tie_001_en.html

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Annex tables

Annex table 1. Seasonally adjusted business turnover index (2020 M2=100)

	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12	-21M01	-21M02*
Manufacture of food products	100.0	100.3	91.8	92.5	97.9	99.1	99.4	98.8	99.0	97.9	97.4	97.6	99.8
Manufacture of beverages	100.0	97.8	92.7	92.5	102.0	97.2	101.6	98.6	97.3	95.0	92.0	93.4	95.1
Textile, clothing and leather industry	100.0	92.1	90.0	90.3	92.8	96.3	99.5	103.3	94.9	99.3	99.1	101.3	98.5
Manufacture of wood	100.0	114.1	114.8	116.0	117.3	121.5	125.9	124.8	124.3	128.4	130.9	135.0	140.6
Manufacture of paper and paper products	100.0	112.3	113.5	110.7	103.8	106.7	104.1	108.5	107.7	108.3	105.3	110.4	108.9
Printing and related service activities	100.0	96.8	78.9	70.1	86.2	90.7	91.1	91.5	91.7	92.2	91.9	87.5	86.7
Chemical industry	100.0	97.4	91.6	87.3	89.6	93.2	91.0	88.9	91.5	90.4	92.9	93.2	95.4
Manufacture of other non-metallic minerals	100.0	99.0	94.1	93.8	92.6	93.8	93.2	92.9	93.3	97.4	94.4	89.0	95.2
Manufacture of basic metals	100.0	87.6	84.3	84.9	80.4	78.9	83.9	85.0	86.3	91.7	96.2	93.4	95.6
Manufacture of fabricated metal products	100.0	98.8	92.4	89.8	92.2	95.1	93.5	94.2	92.8	90.9	91.4	92.6	96.1
Electronic and electrical industry	100.0	94.9	99.3	109.3	104.3	94.8	109.0	99.5	105.6	111.7	107.0	102.0	97.5
Manufacture of machinery and equipment	100.0	99.1	96.4	91.5	94.8	93.0	95.7	91.3	96.4	92.4	83.7	91.5	92.8
Manufacture of motor vehicles, trailers and semi-trailers	100.0	95.6	65.5	77.4	92.2	101.2	97.3	94.1	88.2	94.2	94.7	86.6	94.4
Manufacture of furniture	100.0	101.9	99.4	93.5	92.8	95.4	94.8	94.1	94.1	95.3	92.0	92.7	94.1
Other manufacturing	100.0	98.8	80.6	80.8	100.5	101.2	106.0	106.5	98.6	107.4	101.4	117.0	118.2
Repair and installation of machinery and equipment	100.0	102.1	101.9	91.2	98.8	102.4	99.9	100.9	99.7	99.7	101.9	105.7	102.8
Land and rail transport	100.0	97.9	88.4	85.7	90.2	96.4	96.4	96.5	95.4	94.1	93.2	96.2	96.9
Water transport	100.0	78.3	57.8	57.5	60.9	60.3	60.0	65.4	65.9	62.5	63.1	61.8	64.6
Warehousing and support activities for transportation	100.0	97.9	95.6	94.1	95.0	96.0	95.4	94.4	95.1	95.9	91.9	95.1	94.8
Accommodation	100.0	52.1	14.3	15.8	43.2	74.4	63.1	53.7	49.9	42.7	38.0	36.3	35.8
Food and beverage service activities	100.0	66.9	35.8	39.2	69.9	88.2	83.3	79.1	74.8	71.4	69.0	70.0	69.9
Publishing activities	100.0	97.1	98.8	99.9	100.7	100.5	100.9	100.3	100.0	102.4	102.3	103.6	103.4
Motion picture, TV production, sound recording etc.	100.0	87.7	66.0	45.9	66.8	77.9	77.0	81.7	90.2	81.6	84.6	69.3	75.7
Programming and broadcasting activities	100.0	98.5	66.2	54.0	80.1	90.3	96.2	99.7	103.4	107.7	124.0	99.9	105.3
Telecommunications	100.0	97.4	98.6	99.6	97.9	98.2	99.2	96.8	99.9	99.6	97.5	100.3	98.1
Computer programming, consultancy and related activities	100.0	101.2	102.9	98.9	100.5	101.7	103.5	104.6	103.1	103.9	104.0	110.3	108.7
Information services activities	100.0	100.4	100.4	99.7	101.9	100.5	101.0	103.7	100.1	99.6	98.3	98.9	98.9
Legal and accounting activities; management consultancy act.	100.0	102.8	99.2	94.9	95.0	98.6	100.7	98.8	102.4	100.7	100.7	104.0	103.9
Architect and tech testing	100.0	101.0	98.4	95.0	94.8	95.1	94.0	95.0	97.1	96.9	94.4	95.4	97.0
Scientific research and development	100.0	99.7	101.5	100.5	103.6	109.5	107.1	102.8	111.4	111.0	104.3	112.3	113.6
Advertising and market research	100.0	99.1	70.5	64.5	79.9	84.2	89.6	91.4	92.8	96.8	97.0	91.4	94.3
Other professional, scientific and technical activities	100.0	100.7	74.4	79.8	79.5	70.6	87.7	93.6	92.9	95.1	92.5	99.9	98.2
Rental and leasing activities	100.0	100.7	94.9	97.2	99.9	94.3	94.3	94.7	98.9	97.0	91.1	96.7	95.3
Employment activities	100.0	99.1	80.7	80.3	82.9	85.1	87.5	88.4	87.9	88.7	88.1	90.6	91.4
Travel agency, tour operation activities	100.0	59.6	14.4	10.5	16.2	22.5	22.0	17.8	17.2	17.5	17.2	17.6	18.3
Security and investigation activities	100.0	99.8	89.1	87.8	91.4	96.9	97.6	98.6	98.2	97.9	99.2	97.7	98.2
Services to buildings and landscape activities	100.0	101.6	99.7	99.4	101.4	102.3	102.8	103.7	104.0	103.3	103.4	104.9	105.1
Office admin and support	100.0	97.8	98.3	96.9	95.8	100.4	102.0	98.1	97.2	99.2	97.6	101.1	101.9
Activities of membership organisations	100.0	86.6	83.0	68.0	84.4	85.0	87.2	88.2	86.7	88.8	86.9	88.2	87.5
Repair of computers and personal and household goods	100.0	98.7	94.3	96.4	100.1	100.7	99.6	100.4	99.1	103.3	99.4	100.7	100.7
Other personal service activities	100.0	88.9	71.2	79.6	90.5	93.0	94.2	94.0	93.8	93.6	92.9	94.7	94.4

Source: Statistics Finland. Data for 2021M02 is preliminary. This table excludes agriculture, mining, utilities, finance, real estates, and public administration.

Annex table 2. Business turnover year-on-year changes during the COVID-19 Pandemic, original series

		Risk level*	M03	M04	M05	M06	M07	M08	M09	M10	M11*	M12	21M01	21M02*
Manufacturing	Manufacture of motor vehicles, trailers and semi-trailers	High	-4.3	-42.2	-34	-16.5	6.9	-12.9	-15.8	-1.7	7.9	14.6	-22.4	-2.2
	Chemical industry	High	-13.3	-22.3	-34.2	-21.6	-12.5	-18.6	-22.3	-15.2	-17.1	-6.4	-10.2	-0.8
	Printing and related service activities	High	-9.7	-23.9	-35.8	-13.5	-9.4	-13.5	-6.5	-6.8	-2.5	11.3	-19.9	-13.2
	Manufacture of paper and paper products	High	-16.7	-16.1	-22.4	-20.4	-20	-24.9	-11.8	-14.5	-11.3	-7.9	-11.0	12.2
	Textile, clothing and leather industry	High	-8.1	-14.7	-20.5	-3.5	-3	-2.2	14.6	-10	2.8	15.2	1.0	1.7
	Other manufacturing	High	0.7	-16.6	-25.8	-1.8	3	-4	8.2	-6.5	10.5	9.1	9.2	22.5
	Manufacture of beverages	High	-0.3	-15.4	-16.4	7.5	-4.2	3.4	2.7	-7.6	-5.8	3.2	-11.6	-2.6
	Manufacture of wood	Medium	-7	-7.8	-13.8	1.9	-0.9	-2.3	6.2	0.4	10.3	25.3	5.9	44.8
	Manufacture of basic metals	Medium	-0.4	-8	-14.2	-5.8	-11.1	-10.6	2.9	-11.4	-0.8	20.4	-8.7	-2.2
	Repair and installation of machinery and equipment	Medium	1.2	-1	-18.7	-0.4	-0.6	-4	-3.7	-4.1	-3.6	8.1	1.4	-0.8
	Manufacture of fabricated metal products	Medium	6.2	-6.7	-17.2	2.8	0.3	-8.4	-0.4	-6.7	-2.7	4.9	-13.7	-1.1
	Manufacture of food products	Medium	5.8	-8.4	-11.9	4.9	1.4	-4.3	3.3	-2.6	-5.3	2.5	-9.3	-1.2
	Manufacture of furniture	Medium	6.8	1	-19.7	-6.6	-9	-13.6	-9.4	-16	-3.8	-3.1	-20.7	-6.1
	Manufacture of other non-metallic minerals	Medium	2.9	-2.3	-11.2	3.4	-1.9	-10.1	-2.5	-6.1	-1.7	1.4	-16.5	-5.9
	Manufacture of machinery and equipment	Medium	7.3	-1.8	-13.3	11.6	-6.4	2	-6.4	-0.4	-2.9	-18.3	-17.2	-4.2
	Electronic and electrical industry	Low	3.7	2.8	34.8	10	-14.1	12.9	-2.5	13.4	17.5	5.6	3.3	-4.1
Services	Travel agency, tour operation activities	High	-42	-86.7	-89.4	-81.4	-76	-74.8	-78.5	-81.3	-86.6	-83.3	-83.5	-82.8
	Accommodation	High	-45.5	-85.5	-84.8	-59.3	-26.6	-38.1	-48	-49.7	-67.4	-64.5	-66.4	-65.8
	Food and beverage service activities	High	-32.4	-62.7	-58.3	-25.3	-8.7	-14.3	-15.7	-21.8	-30.3	-32.9	-30.9	-32.9
	Water transport	High	-22.4	-42.9	-44.6	-36.8	-39.7	-41.1	-30.4	-31.6	-37.2	-35.3	-39.6	-35.2
	Motion picture, TV production, sound recording etc.	High	-7.5	-36.3	-57	-36.5	-30.3	-32.4	-22.8	-7.5	-9.5	-10.9	-37.1	-26.0
	Programming and broadcasting activities	High	-4.3	-31	-39.2	-29.1	-18.7	-2	0.3	5.8	17.8	25.8	-10.2	2.5
	Advertising and market research	High	-0.5	-31.8	-38.7	-21.9	-21.1	-12	-7.7	-8.2	-0.7	6.1	-14.6	-7.9
	Activities of membership organisations	High	-10.9	-25.9	-32.5	-16	-19.2	-13.4	-6.5	-12.9	-15	-12.3	-12.5	-12.1
	Other personal service activities	High	-10.7	-27.1	-21.1	-5.2	-3.1	-4.6	0	-6.3	-6.1	-1.3	-9.6	-8.2
	Land and rail transport	High	-5.9	-18.3	-23.3	-10.6	-10.2	-11.5	-7	-11.4	-11.3	-7.7	-10.3	-3.5
	Employment activities	High	-0.9	-17.3	-23.8	-14.5	-11.9	-11.4	-5.5	-9.1	-8.4	-8.0	-12.2	-8.5
	Warehousing and support activities for transportation	High	-5	-11.8	-17.5	-6.7	-9.3	-12	-6.9	-9.1	-5.8	-6.9	-12.0	-5.0
	Other professional, scientific and technical activities	High	9.6	-19.8	-24	-26.3	-32.9	-19.3	-6.6	-12.2	-8.1	-8.4	-3.6	-2.4
	Repair of computers and personal and household goods	Medium	-1.5	-12.3	-12.7	5.6	0.6	-4.7	3.3	-4.3	-1.3	5.9	-3.3	0.6
	Office admin and support	Medium	0.9	-9.9	-17	-2.8	-1.1	-9.2	-4.7	-13.3	-8.3	12.0	-3.3	1.4
	Scientific research and development	Medium	-4.9	-0.3	-9	6.5	22.1	12.2	-4.7	29.3	10.9	-0.3	12.0	17.8
	Security and investigation activities	Medium	5.8	-8.1	-11.6	-5.3	-2.5	-2.1	0.7	-1	-1.5	1.0	-2.3	-3.8
	Services to buildings and landscape activities	Medium	0.8	-4.8	-5.9	2.1	-0.9	0.5	2.8	1.8	0.9	3.1	0.5	5.3
	Publishing activities	Medium	-5.2	-0.9	-0.9	1.3	1.8	-1.9	-0.1	-0.1	2.4	3.1	1.1	5.3
	Rental and leasing activities	Medium	8.7	-8.4	-5.9	-0.4	-6.1	-7.9	-3.8	1.1	-2.7	-5.2	-6.1	-7.1
	Architect and tech testing	Medium	7.9	-0.6	-8.2	-0.5	-4.1	-9.3	-2	-3.5	-0.5	4.9	-9.6	-3.8
	Telecommunications	Low	-1	2.2	0.5	1.2	2.9	-0.1	-2.5	1.7	3.2	0.7	-1.9	-2.2
	Legal and accounting activities; management consultancy act.	Low	12.2	2.1	-10.9	-2.1	-2.5	-1.9	2.5	3.8	-0.5	7.9	-1.0	3.9
	Information service activities	Low	4.1	3.7	-3.5	11.9	2.3	3.4	17.7	1.2	8.3	-3.8	-5.5	-6.0
	Computer programming, consultancy and related activities	Low	10.3	9	-1.7	7.8	2.6	3.8	6.5	2.8	6.1	7.6	9.0	6.9

Source: Statistics Finland. Data for 2021M02 is preliminary. This table excludes agriculture, mining, utilities, finance, real estates, and public administration.

Annex table 3. List of industries

Ind. code (A21)	Ind. code (A88)	Industry name	Ind. code (A21)	Ind. code (A88)	Industry name
A	01	Crop and animal production, hunting and related service activities	H	49	Land transport
A	02	Forestry and logging	H	50	Water transport
A	03	Fishing and aquaculture	H	51	Air transport
B	05_06	Mining of coal and extr. of crude petroleum and natural gas	H	52	Warehousing and support activities for transportation
B	07	Mining of metal ores	H	53	Postal and courier activities
B	08	Other mining and quarrying	I	55	Accommodation
B	09	Mining support service activities	I	56	Food and beverage service activities
C	10	Manufacture of food products	J	58	Publishing activities
C	11	Manufacture of beverages	J	59_60	Audiovisual activities
C	12	Manufacture of tobacco products	J	61	Telecommunications
C	13	Manufacture of textiles	J	62_63	Computer and information service activities
C	14	Manufacture of wearing apparel	K	64	Financial activities
C	15	Manufacture of leather and related products	K	65	Insurance activities
C	16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	K	66	Activities auxiliary to financial and insurance activities
C	17	Manufacture of paper and paper products	L	68	Real estate activities
C	18	Printing and reproduction of recorded media	M	69	Legal and accounting activities
C	19	Manufacture of coke and refined petroleum products	M	70	Activities of head offices; management consultancy
C	20	Manufacture of chemicals and chemical products	M	71	Architectural and engineering activities etc.
C	21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	M	72	Scientific research and development
C	22	Manufacture of rubber and plastic products	M	73	Advertising and market research
C	23	Manufacture of other non-metallic mineral products	M	74	Other professional, scientific and technical activities
C	24	Manufacture of basic metals	M	75	Veterinary activities
C	25	Manufacture of fabricated metal products, except machinery and equipment	N	77	Renting and leasing activities
C	26	Manufacture of computer, electronic and optical products	N	78	Employment activities
C	27	Manufacture of electrical equipment	N	79	Travel agencies etc.
C	28	Manufacture of machinery and equipment n.e.c.	N	80	Security and investigation activities
C	29	Manufacture of motor vehicles, trailers and semi-trailers	N	81	Services to buildings and landscape activities
C	30	Manufacture of other transport equipment	N	82	Office administrative and other business support activities
C	31	Manufacture of furniture	O	84	Public administration and social security
C	32	Other manufacturing	P	85	Education
C	33	Repair and installation of machinery and equipment	Q	86	Human health activities
D	35	Electricity, gas, steam and air conditioning supply	Q	87_88	Social work activities
E	36	Water collection, treatment and supply	R	90_91	Cultural activities
E	37	Sewerage	R	92	Gambling and betting activities
E	38	Waste collection etc. activities; materials recovery	R	93	Sport, amusement and recreation activities
E	39	Remediation activities and other waste management services	S	94	Activities of membership organisations
F	41	Building construction	S	95	Repair of household goods
F	42	Civil engineering	S	96	Other personal service activities
G	45	Trade and repair of cars etc.	T	97_98	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use
G	46	Wholesale trade (excl. cars etc.)			
G	47	Retail trade (excl. cars etc.)			


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