

2.19. FINLAND

Despite a slowdown in the fourth quarter due to the resurgence in COVID-19 infections, real GDP is estimated to have increased by 3.5% in 2021, marking a stronger recovery from the crisis than previously expected. Growth was driven by domestic demand on the back of robust private consumption and investment growth. Exports rebounded more strongly than imports, also providing a positive contribution to GDP growth. Employment was recovering and the unemployment rate is estimated to have decreased slightly. Public expenditure continued to provide significant support to the economy through crisis-related measures.

Favourable prospects for domestic and external demand are set to continue, holding up private consumption and investment in 2022, while supporting also exports. Despite dampening economic sentiment in the first quarter of 2022 due to the rise in COVID-19 infections, GDP growth is forecast to reach 3% in 2022 on the back of carryover effects and strong demand. In 2023, growth is expected to slow down to 2% as it approaches the estimated potential output.

HICP inflation reached 2.1% in 2021, driven mainly by strong energy price increases. Energy price pressures are likely to persist in the first half of 2022, combined with price pressures from steadily rising demand and expected wage increases. Inflation is projected to accelerate to 2.6% in 2022 before falling back to 1.9% in 2023.

