THE COVID-19 PANDEMIC AND REGIONAL ECONOMIC RESILIENCE IN NORTHERN FINLAND, NORWAY, AND SWEDEN

– THE PRE-STUDY REPORT

Oulu, Finland, June 2nd, 2021
Research group

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Agenda

1. The development of the COVID-19 pandemic in Finland, Sweden and Norway, and in the Arctic 5 cities. i.e., Oulu, Rovaniemi, Luleå, Umeå, Tromsø.

2. The COVID-19 pandemic and its effects on human behaviour

3. The impact of the COVID-19 pandemic on the labour market in the Arctic 5 cities.

4. Conclusions and a glance to the future

5. Commentary speeches and questions
The aim of the pre-study

• To provide a review based on statistical information on
  o The development of the COVID-19 pandemic in Finland, Norway, Sweden and especially in the Arctic 5 municipalities
  o How the pandemic has changed human behavior in the Arctic 5 municipalities.
  o The impact of the COVID-19 pandemic on labour markets in the Arctic 5 municipalities

• To lay the foundation for long-term research with the aim to study the short and long run regional economic impacts of the COVID-19 pandemic and regional resilience in Northern Finland, Sweden, and Norway.
The development of the COVID-19 pandemic in Finland, Sweden and Norway
The development of the COVID-19 pandemic in the Arctic 5 cities
Weekly COVID-19 cases per 100,000 inhabitants in the Arctic 5 municipalities.
The development of the COVID-19 pandemic in the Arctic 5 cities vs nationally
(The ratio of weekly COVID-19 cases in the municipality to the cases in a country, per 100 000 inhabitants)
Vaccination coverage (1.6.2021)

<table>
<thead>
<tr>
<th>Municipality</th>
<th>First dose (%)</th>
<th>Second dose (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luleå</td>
<td>43.3</td>
<td>14.1</td>
</tr>
<tr>
<td>Oulu</td>
<td>37.8</td>
<td>5.5</td>
</tr>
<tr>
<td>Rovaniemi</td>
<td>37.5</td>
<td>9.8</td>
</tr>
<tr>
<td>Tromsø</td>
<td>28.3</td>
<td>17.8</td>
</tr>
<tr>
<td>Umeå</td>
<td>40.3</td>
<td>13.0</td>
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</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>First dose (%)</th>
<th>Second dose (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>44.5</td>
<td>8.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>35.6</td>
<td>13.3</td>
</tr>
<tr>
<td>Norway</td>
<td>30.7</td>
<td>18.9</td>
</tr>
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</table>
Social distancing and mobility vs COVID-19 cases in the Arctic 5 cities

Google Community Mobility Report:
- Weekly average change in hours spent at home compared to baseline, median day value Jan 3 – Feb 6, 2020.

- At the beginning of the COVID-19 pandemic, hours spent at home increased significantly in all Arctic 5 cities.
- In May (Weeks 18-20) 2020 the average increase in time spent at home was 12.6 % in Tromsø, 12.4 % in Rovaniemi, 11.9 % in Oulu, 9.3 % in Luleå and 9.1 % in Umeå.
- Typically, in Arctic 5 cities, people have spent 7 % more time at home compared to pre-COVID.
Weekly average change in hours spent at home, Spring 2020 vs Spring 2021

Red curve Spring 2020, Blue curve Spring 2021

(Baseline, median day value Jan 3 – Feb 6, 2020)
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Covid-19 and unemployment effects

- National changes to the rules for temporary layoffs together with the lockdown led to a sharp increase in unemployment in Oulu, Rovaniemi and Tromsø.
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- Slow decrease in unemployment in all cities from top levels.

Seasonally adjusted unemployment rates in Arctic 5 municipalities (January 2008 – April 2021)
Covid-19 and unemployment effects

- National changes to the rules for temporary layoffs together with the lockdown led to a sharp increase in unemployment in Oulu, Rovaniemi and Tromsø.
- Slow decrease in unemployment in all cities from top levels.
- Percentage change in unemployment (Feb 2020-Apr 2021)
  - Tromsø: 87%
  - Rovaniemi: 33%
  - Oulu: 21%
  - Umeå: 13%
  - Luleå: 7%
- The impact of Covid-19 depends both on restrictions and industrial structures.
Industrial structure in Arctic 5 cities compared to country level

Share of people working in public or private sector in Arctic 5 municipalities compared to country level.

- Large public sector as a stabilizing force
Covid-19, industrial structure and unemployment impact

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- Sectors w/ largest increases in unemployment
  - Tourism (strong in Tromsø, Rovaniemi)

Guest nights by foreigners by county level. Dec 2018-Mar 2021
Covid-19, industrial structure and unemployment impact

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  - Cultural sector
  - Personal services that need physical contact
  - Sales work
  - Construction

Industrial structure in Arctic 5 cities compared to country level
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  • Cultural sector
  • Personal services that need physical contact
  • Sales work
  • Construction
• Least increase or decrease in unemployment
  • Manufacturing (strong in Umeå, Luleå, Oulu)
  • Engineering and ICT (strong in Luleå, Oulu)
  • Personal services from home offices
  • Public sector occupations
• Many of the hardest hit sectors have a high proportion of young people and low-skilled workers
New open vacancies

- Reflects well enterprises’ expectations of labor demand in near future
- Declines in new vacancies immediately after the outbreak
- The start of the rebound differs between cities
- By April 2021, levels of new vacancies are clearly above the pre-covid levels in all cities
  ➔ We expect the unemployment to decrease in the coming months

New open vacancies during the month, Jan 2015 - Apr 2021.
Conclusions and a glance to the future

• The economic effects of the COVID-19 pandemic will last for years.

• The growing role of the service sector:
  o Employment will increase in services, especially in social services and health care.
  o Tourism has become one of the most important sectors worldwide.
  o An increasing interest towards digital solutions and automation in services.

• Large industrial investments in Northern Finland, Northern Sweden and Northern Norway will increase the demand for skilled-labour force in the forthcoming years.

• Regional resilience is significantly based on the resilience of people. Brain drain should be prevented.

• The effects of shocks can be alleviated through creative actions and effective regional policy.
  o Creative resilience: Knowledge creation, Entrepreneurship, and Community spirit.
Commentary speeches

Juha Ala-Mursula, Executive Director, BusinessOulu, Oulu, Finland

Anna Olofsson, Head of City Marketing, Umeå municipality, Umeå, Sweden

Trude Nilsen, CEO of Chamber of Commerce in Tromsø, Tromsø, Norway
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Oulu, Finland, June 2nd, 2021

Thank you for your attention!

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Data sources

- Finnish Institute for Health and Welfare (THL)
- The Public Health Agency of Sweden (FOHM)
- Norwegian Institute of Public Health (FHI)
- Google Community Mobility Reports
- Statistics Finland
- Statistics Sweden
- Statistics Norway
- Ministry of Economic Affairs and Employment in Finland
- Swedish Public Employment Service
- Norwegian Labour and Welfare Administration
- covid19data.no
- OurWorldInData