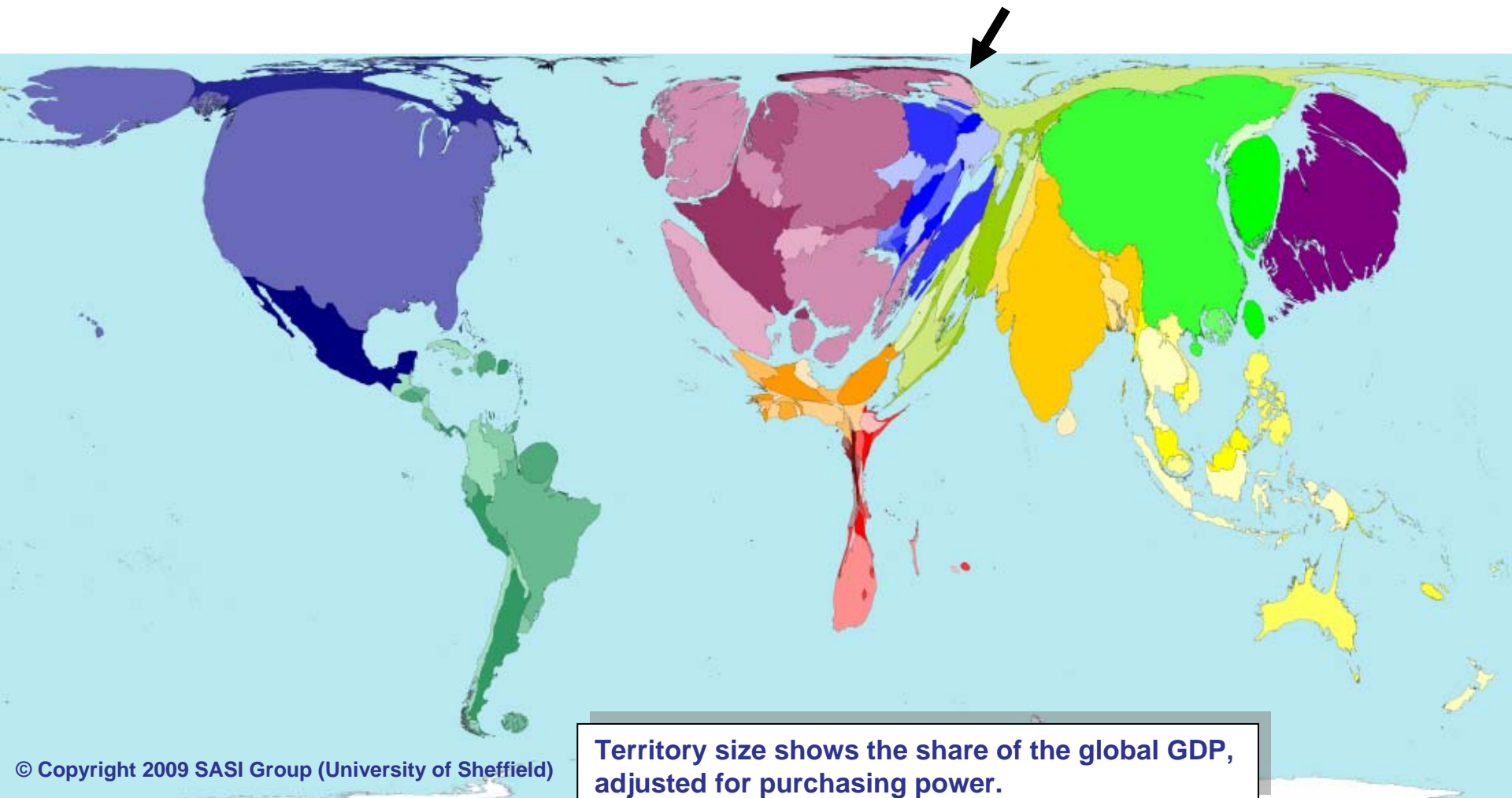


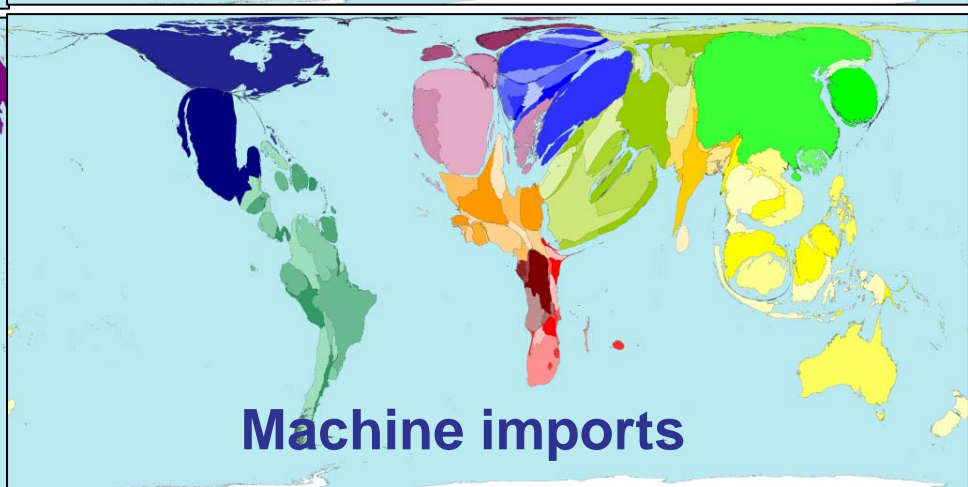
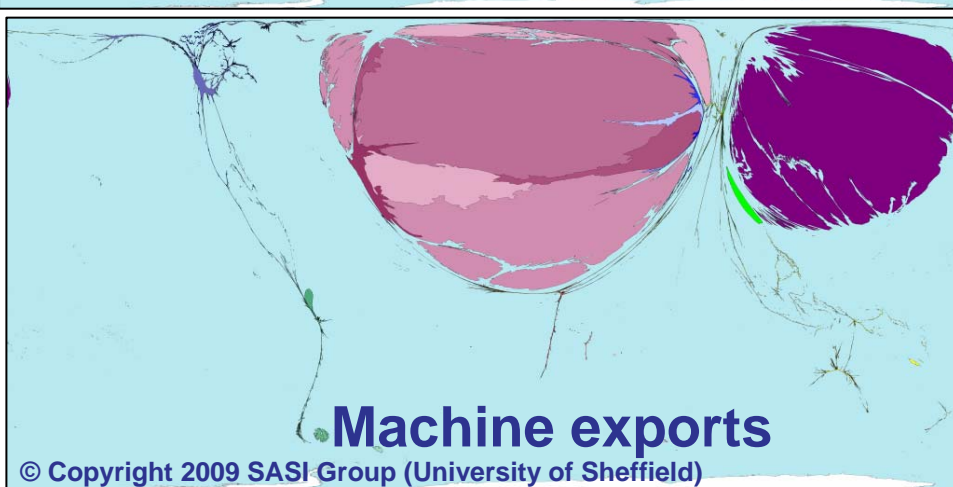
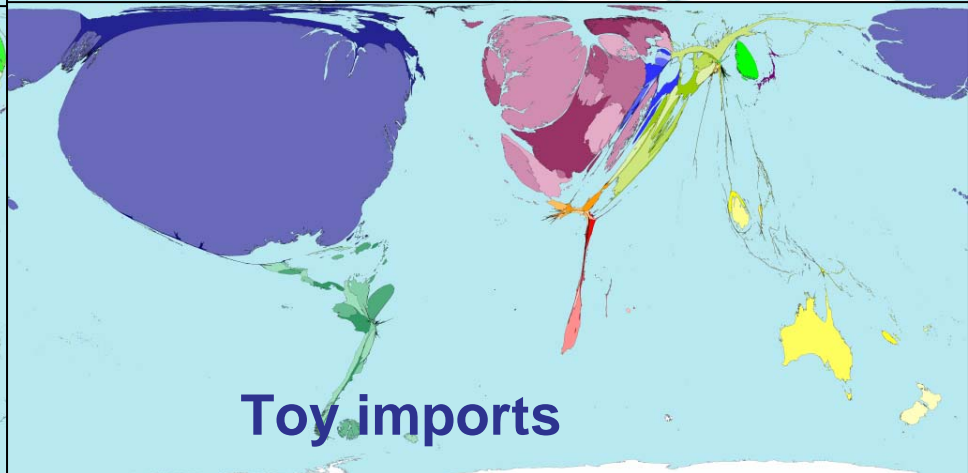
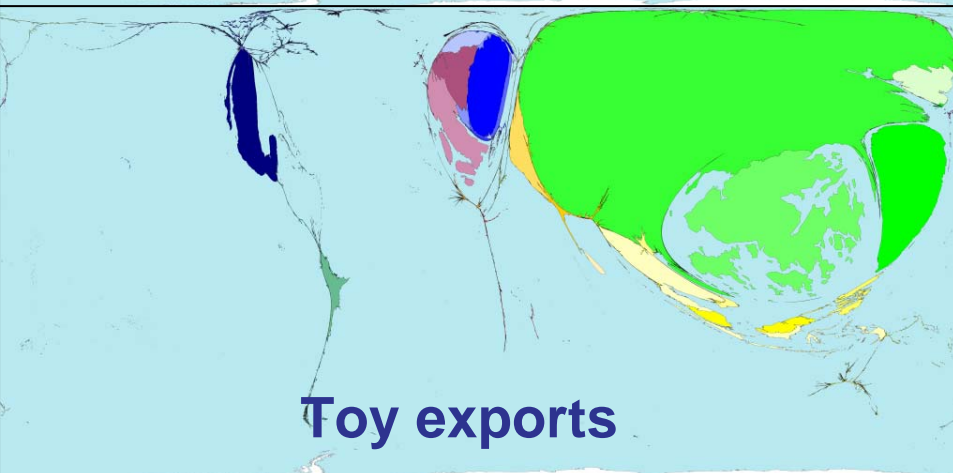
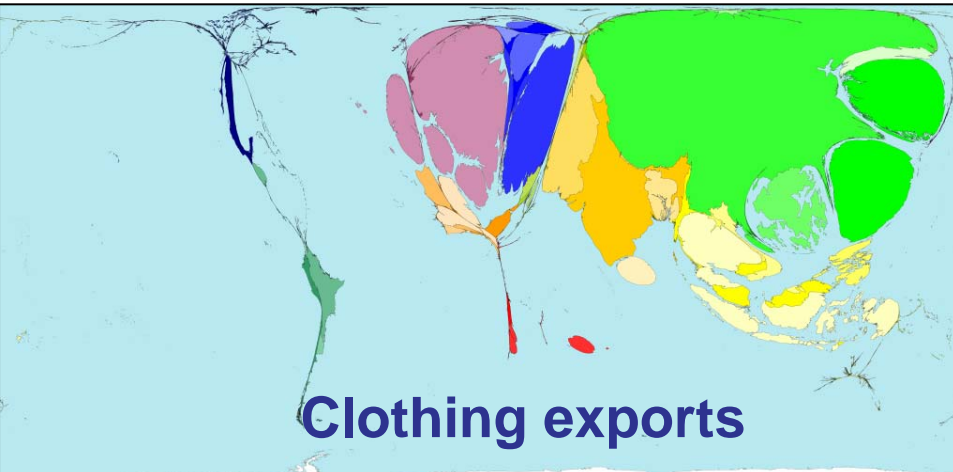
Development of Economic Outlook: Finland in the Global Economy

7th Industrial Service Business Day
April 27, 2010

Jussi Mustonen, Director,
Confederation of Finnish Industries – EK

Finland in the Global Economy





Global growth dynamics 2000 – 2008

No 1 US export item: DEBT

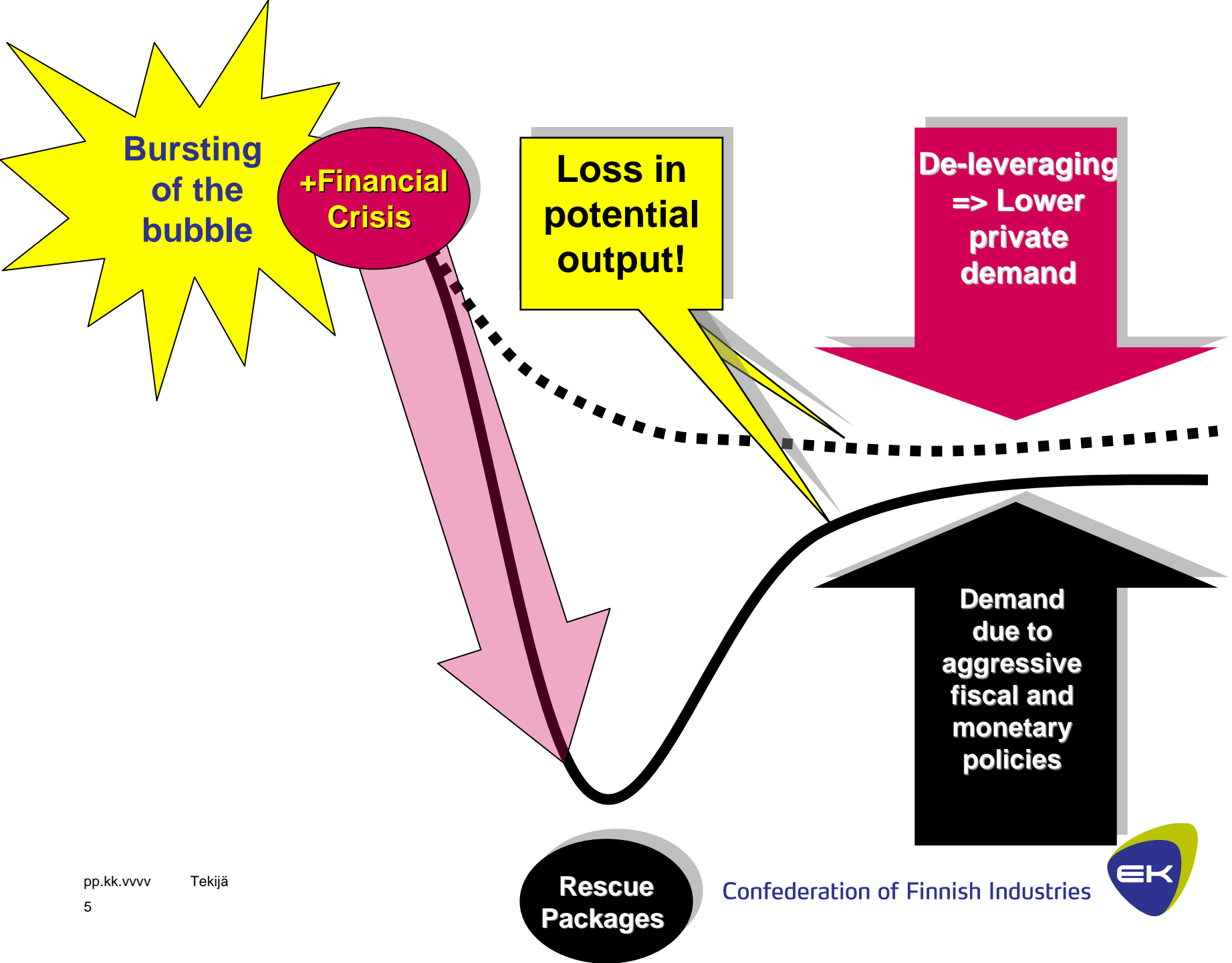
0.7 – 0.8 trillion USD / year

USA as the final source of the global demand

**EUROPE:
Investment goods**

**Asia/China became "global factory"
⇒ demand for raw materials and
investment goods**

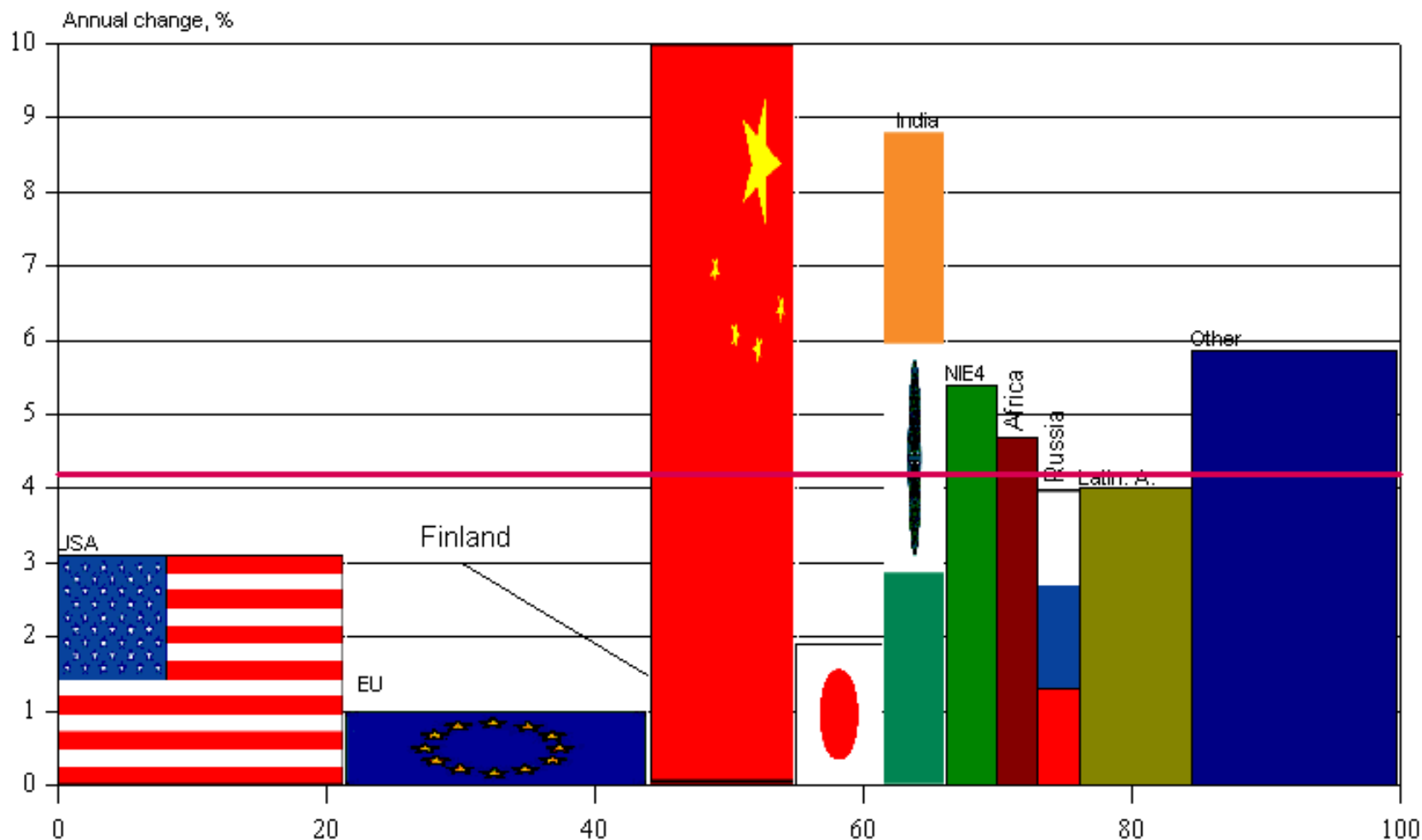
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The worst is over – what next?

- Massive fiscal and monetary stimuli are working
- Inventory cycle supporting the growth – for the next 1-2 quarters
- Huge stimulus => huge problems with public finances
 - Greece (and others) => pressure on the Euro etc....
- Most developed countries will face unsustainable debt explosions
 - **Stein´s Law:** ” *"If something cannot go on forever, it will stop"*
- Finnish economy tracks the world economy – but with a lag

Sources of GDP Growth in 2010



The width of each bar represents the share of world output (PPP) in 2007

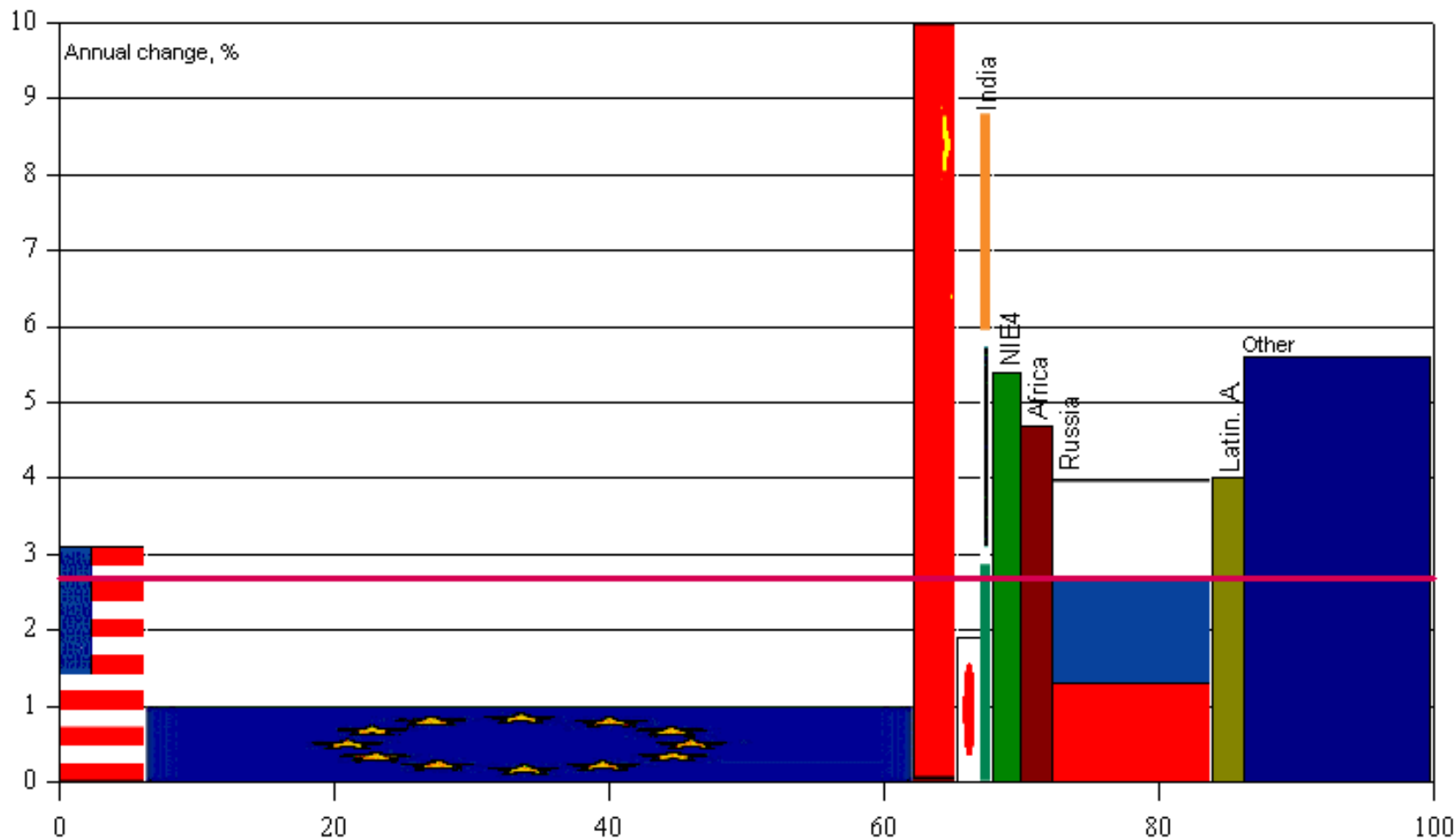
Sources: IMF (21.4.2010) and ETLA

21.4.2010/kokn5/jka/EKI Talousgraafit

Confederation of Finnish Industries



Sources of GDP Growth in 2010 from the Finnish Perspective*



*The width of each bar represents the share of Finnish exports in 2008

Sources: IMF (21.4.2010) and ETLA

21.4.2010/kokn5b/jka/EKI Talousgraafit

What shape for the recovery?

L for Europe

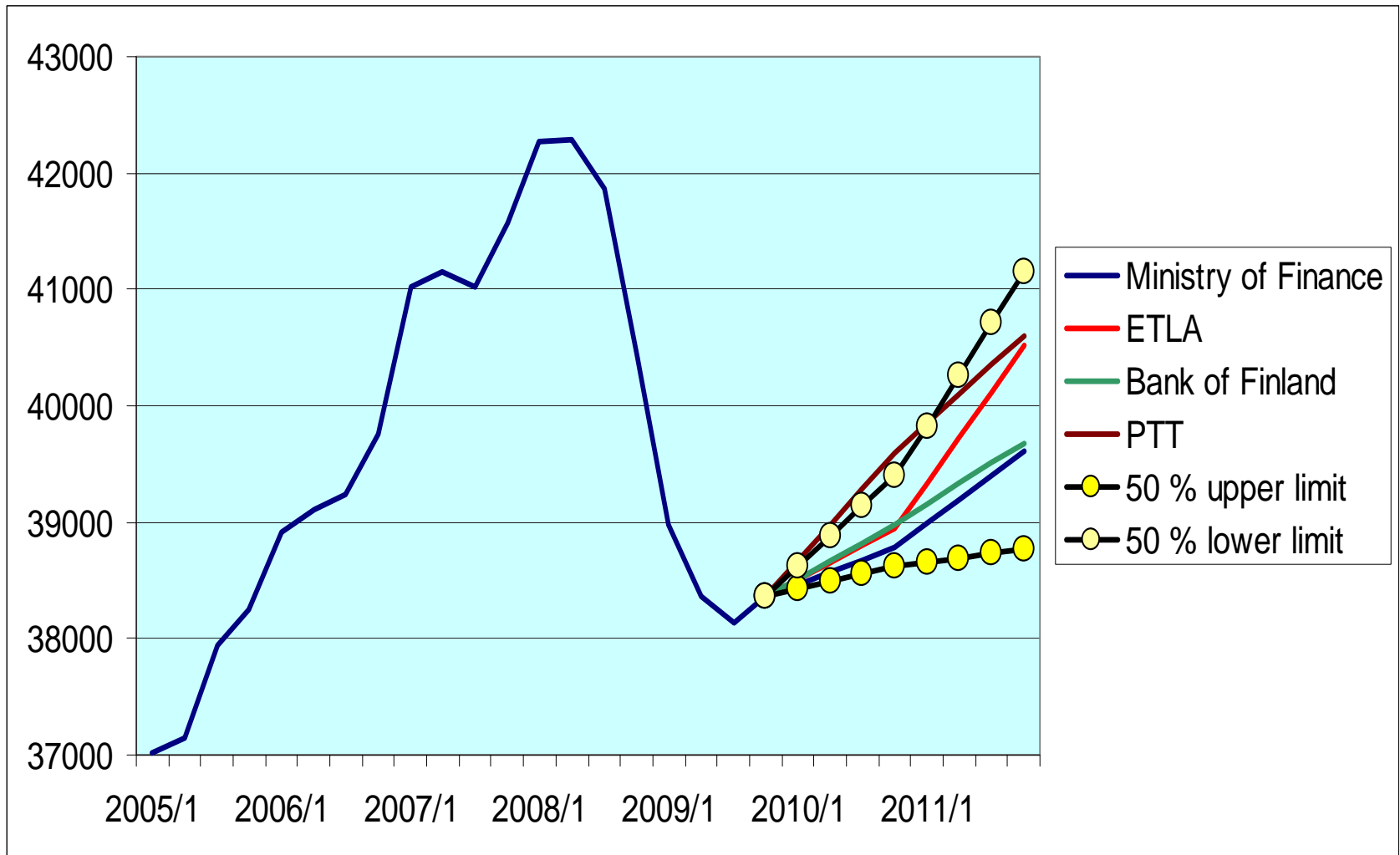
U for America

V for China/Asia

but: after the stimulus wears out:

W ?

Finnish GDP + forecasts



Business Cycle Clocks: Finland (EK) and World (IFO) 2007/I – 2010/I

Horizontal axis: present situation, vertical axis: outlook

