



NOVEMBER 2011 ECONOMIC OUTLOOK FOR FINLAND: ANSWERS FROM EK

gross public debt (% of GDP) 1,2 1,9 Current account balance (% of GDP) 1,2 1,9 Components of aggregate demand - in real terms Annual % change Phixate consumption 0,5 0,5 0,5 10,5 10,5 10,5 10,5 10,5 10							MAIN FORECAST
Consumer price inflation 3,4 2,6 Unemployment rate 7,9 7,7 Finployment growth 7,1 1 0,7 government rate 1,1 2 -0.8 gross public debit (% of GDP) 1,1 2 52,6 gross public debit (% of GDP) 51,2 52,6 Grownent account balance (% of GDP) 1,2 1,9 SCOMPORTS of GDP) 1,2 1,2 1,9 SCOMPORTS of GDP) 1,2 1,9 SCOMPORTS of GDP) 1,2 1,2 1,2 1,9 SCOMPORTS of GDP) 1,2 1,2 1,2 1,9 SCOMPORTS of GDP) 1,2 1,2 1,2 1,2 1,2 1,2 1,2 1,2 1,2 1,2				2012	2011		Annual % change
Unemployment rate Frampoyment growth 1, 1 0, 7 government net lending (% of GDP) 1-1, 2 -0, 8 gross public debt (% of GDP) 51, 2 52, 6 current account balance (% of GDP) 1, 2 1, 9 Components of aggregate demand - in real terms Annual % change Phase consumption 3, 0 2, 5 Phase consumption 0, 5, 0, 5 Phase consumption 0, 5, 0, 5 Phase consumption 0, 5, 5 2, 5 Phase consumption 0, 5, 5 2, 5 Phase pon-residential investment 6, 5 4, 0 Exports 1, 0, 0 5, 5 Imports 0, 0, 5 5, 0 ECONOMIC SENTIMENT Trend in business climate over the next 6 Industry Senices Fositive Negative Unchanged Increase (faster pace) Unchanged Increase				2,0	3,0		Real GDP growth
Employment growth 9.1.1 0.7 government net lending (% of GDP) 1.2 -0.8 government net lending (% of GDP) 5.1.2 5.2.6 current account balance (% of GDP) 5.1.2 5.2.6 current account balance (% of GDP) 1.2 1.9 Components of aggregate demand - in real terms Annual % charge Private consumption 0.5 0.5 Investment (Gross Fixed Capital Formation) 5.5 0.5 Investment (Gross Fixed Capital Formation) 5.5 0.5 Exports 0.0 0.5 5.5 Imports 0.0 5.5 Investment (Gross Fixed Capital Formation) 5.5 0.5 Exports 0.0 0.5 5.5 Imports 0.0 5.5 Investment (Gross Fixed Capital Formation) 5.5 5.0 ECONOMIC SENTIMENT ECONOMIC SENTIMENT ECONOMIC SENTIMENT Positive Negative Unchanged Industry Services Positive Negative Unchanged Industry Services Increase (faster pace) Unchanged (faster pace) Increase (slower pace) (faster pace) (2,6	3,4		Consumer price inflation
government net lending (% of GDP) government net lending (% of GDP) 51.2 52.6 current account balance (% of GDP) 51.2 52.5 current account balance (% of GDP) 51.2 52.6 current account balance (% of GDP) 5.0 current account balance (% of GDP) 5.1 current a				7,7	7,9		Unemployment rate
gross public debt (% of GDP) 51.2 52.6 current account balance (% of GDP) 1,2 1,9 Components of aggregate demand - in real terms Annual % change Phixate consumption 0,5 0,5 0,5 1,0 Investment (Gross Fixed Capital Formation) 5,5 2,5 Phixate non-residential investment 6,5 4,0 Exports 0,0 5,5 5,0 ECONOMIC SENTIMENT Positive Negative Industry 6 months Positive Negative Unchanged Industry 6 months Services Increase (faster pace) Increase (faster pace) Industry Services Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capac Influence on companies' investment decisions Replacement Replacement Replacement Extension Rationalisation Innovation Driving force behind investment				0,7	1,1		Employment growth
Components of aggregate demand - in real terms Annual % change Photate consumption 9,05 0,5 0,5 Photate consumption 9,05 0,5 0,5 Photate consumption 9,00 5,5 0,5 Photate onor-residential investment 9,00 5,5 0,5 Photate onor-residential investment 9,00 5,5 0,5 Photate onor-residential investment 9,00 5,5 0,0 ECONOMIC SENTIMENT Positive Negative Unchanged Industry 6 months Positive Negative Unchanged Industry 6 months Positive Negative Unchanged Industry 6 months Industry 8 perices Increase (faster pace) Increase (fast				-0,8	-1,2		government net lending (% of GDP)
Components of aggregate demand - in real terms Annual % charge Phaste consumption 0,5 0,5 0,5 Investment (Gross Fixed Capital Formation) 5,5 2,5 1,5 Private non-residential investment 0,0 0,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1,5 1				52,6	51,2		gross public debt (% of GDP)
Annual % change Private consumption 3,0 2,5 Private consumption 0,5 0,5 Private consumption 0,5 0,5 Private roon-residential investment 6,65 4,0 Exports 0,0 5,5 Exports 0,0 5,5 Exports Imports Positive Negative Industry 6 months Positive Negative Industry 6 months Positive Negative Industry Frend in profitability over the next 6 Industry Services Increase (faster pace) Increase (faster pace) Increase (faster pace) Increase (faster pace) Industry Services Increase Increase (faster pace) Industry Services Increase Increase (faster pace) Increase Increase (faster pace) Industry Services Increase Increase Increase (faster pace) Industry Services Increase Increase Increase (faster pace) Increase Increase Increase Increase (faster pace) Increase Increase Increase Increase Increase (faster pace) Increase Increase Increase Increase (faster pace) Increase Increase (faster pace) Increase Increase (faster pace) Increase (faster pace) Increase Increase (faster pace) Increase Increase (faster pace) Increase Increase (faster pace) Increase (faster pace) Increase Increase (faster pace) Increase				1,9	1,2		current account balance (% of GDP)
Private consumption 9.0.5 9.0.5 10.5 10.5 10.5 10.5 10.5 10.5 10.5						al terms	Components of aggregate demand - in rea
Public consumption Investment (Gross Fixed Capital Formation) S, 5, 5 2, 5 Private non-residential investment 6, 5, 4, 0 Exports 0, 0, 5, 5 Imports 0, 0, 5, 5 Imports Positive Positive Negative Industry Formid in business climate over the next 6 Industry Formid in profitability over the next 6 Industry Formid in profitability over the next 6 Increase (faster pace) Increase (faster pace) Increase (faster pace) Increase (faster pace) Industry Industry Industry Industry Industry Industry Industry Industry Increase (faster pace) Increase (faster pace) Increase (faster pace) Increase Increase (faster pace) Industry Indus							Annual % change
Investment (Gross Fixed Capital Formation) 5,5 4,0 Exports 0,0 5,5 Imports 0,0,5 5,0 ECONOMIC SENTIMENT Positive Industry 6 months Positive Negative Industry 6 months Positive Negative Industry 6 months Increase (faster pace) (faster pace) Increase Increase (faster pace) Increase (faster pace) Increase (faster pace) Increase Increase (faster pace) Increase				2,5	3,0		Private consumption
Private non-residential investment 6,5 4,0 Exports 0,0 5,5 Imports 0,5 5,0 Imports 0,5 5,0 Imports 0,5 5,0 Imports 0,5 5,5 Imports 0,5 5,5 Imports 0,5 5,0 Imports 0,5 5,5 Imports 0,5 Imports 0,5 Imports 0,5 Imports 0,5 Imports 0,5 Imports				0,5	0,5		Public consumption
Exports Imports 0,0 0,5 5,5 Imports ECONOMIC SENTIMENT Positive Negative Unchanged Industry 6 months Positive Negative Unchanged Industry 6 months Positive Negative Unchanged Industry Services Unchanged Increase Increase (sower pace) Investment intentions over the next 6 Industry Services Increase (faster pace) Investment intentions over the next 6 Industry Services Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment Driving force behind investment Driving force behind investment Driving force behind investment				2,5	5,5		Investment (Gross Fixed Capital Formation)
ECONOMIC SENTIMENT Positive Negative Unchanged Trend in business climate over the next 6 Industry 6 months Positive Negative Unchanged Trend in profitability over the next 6 Industry months Increase (faster pace) (slower pace) Investment intentions over the next 6 Industry months Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment Replacement Extension Rationalisation Innovation Driving force behind investment Positive Pos				4,0	6,5		Private non-residential investment
Positive Negative Unchanged Industry Services				5,5	0,0		Exports
Positive Negative Unchanged Industry 6 months Positive Negative Unchanged Industry Trend in profitability over the next 6 Industry Services Increase Increase (slower pace) Investment intentions over the next 6 Industry Services Increase (slower pace) Industry Services Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment Driving force behind investment Driving force behind investment Industry Services Replacement Extension Rationalisation Innovation Driving force behind investment				5,0	0,5		Imports
Positive Negative Unchanged Industry 6 months Positive Negative Unchanged Industry Trend in profitability over the next 6 Industry Services Increase Increase (slower pace) Investment intentions over the next 6 Industry Services Increase (slower pace) Industry Services Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment Driving force behind investment Driving force behind investment Industry Services Replacement Extension Rationalisation Innovation Driving force behind investment							
Trend in business climate over the next 6 months Positive Negative Industry Industry Industry Industry Increase Increase Increase Increase Increase Increase Increase Increase Industry Services Increase Increase Increase Industry Indust							ECONOMIC SENTIMENT
Frend in profitability over the next 6 Industry Services Increase (faster pace) Industry (slower pace) Industry (slower pace) Industry (slower pace) Industry (services) Increase (faster pace) Industry (services) Increase (faster pace) Industry (services) Industry (services) Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace (influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment positive penative positive negative negative negative positive negative				Unchanged	Negative	Positive	
Positive Negative Unchanged Trend in profitability over the next 6 Industry Services Increase (faster pace) (slower pace) Unchanged (slower pace) (slower pace) (faster pace) (faster pace) (faster pace) (slower pace) (faster					Industry		Trend in business climate over the next
Trend in profitability over the next 6 months Services Industry Services Increase (faster pace) Increase (slower pace) Industry Final Indu					Services		6 months
Trend in profitability over the next 6 months Services Industry Services Increase (faster pace) Increase (slower pace) Industry Final Indu							
Increase (faster pace) Industry Months Services Increase (slower pace) Industry Months Services Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment Driving force behind investment Driving force behind investment Increase (slower pace) Unchanged (slower pace) (faster pace) (f				Unchanged	Negative	Positive	
Increase (faster pace) Increase (slower pace) Unchanged (slower pace) (faster pace) (f					Industry		Trend in profitability over the next 6
Investment intentions over the next 6 Industry Months Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capac Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment Dossitive Description Respective Description Driving force behind investment Driving force behind investment Driving force behind investment Industry Services Cost of finance Availability of finance Domestic demand Domestic de					Services		months
Investment intentions over the next 6 Industry Months Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capac Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment Description October pace (slower pace) (slower pace) (slower pace) (faster pace) (faster pace) (faster pace) (faster pace) (faster pace) (pace) (pac		Decrease	Docresse		Increase	Increase	
Industry months Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capac Influence on companies' investment decisions Replacement Replacement Extension Rationalisation Innovation Driving force behind investment Descriptive				Unchanged			
Services Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace		(laster pace)	(Siewer pace)			(laster pace)	Investment intentions over the next 6
Global demand Domestic demand Cost of finance Availability of finance Company Profitability Capace Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment positive neutral negative positive neutral							
Influence on companies' investment decisions Replacement Extension Rationalisation Innovation Driving force behind investment					Services		months
Replacement Extension Rationalisation Innovation	acity Utilisation	Company Profitability	Availability of finance	Cost of finance	Domestic demand	Global demand	
decisions Replacement Extension Rationalisation Innovation Driving force behind investment positive pegative positive pegative positive pegative positive pegative positive pegative positive pegative		-					Influence on companies' investment
Driving force behind investment positive peative positive neutral	negative	negative	neutral	positive	negative	neutral	•
oosiive negative posiive neural			Innovation	Rationalisation	Extension	Replacement	
			neutral	positive	negative	positive	=
decisions in the next o months				•		•	decisions in the next 6 months
Industry: past 6 months Industry: next 6 months Services: past 6 months Services: next 6 months			S Services: next 6 months	Services: past 6 months	Industry: next 6 months	Industry: past 6 months	
Overall trend in employment Same Down Up Same			Same	Up	Down	Same	Overall trend in employment





ACCESS TO FINANCE AND IMPAC	T OF THE CRISIS ON PO	OTENTIAL GROWTH				
Compared to 6 months ago, cost/access to finance has been for SMEs	sharply up / restrained	up / more difficult Cost Access	same	down / easier		
for larger companies (>250 employees)			Cost Access			
Over the next 6 months, cost /access to finance will be for SMEs	sharply up / restrained	up / more difficult Access	same Cost	down / easier		
for larger companies (>250 employees)		Access	Cost			
	Consolidation of banking sector balance sheets	Access to capital markets	Engcouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private- Partnerships	
Measures to alleviate current financial difficulties for SMEs	Important effect	Moderate effect	Moderate effect	Very limited effect	Very limited effect	
	Consolidation of banking sector balance sheets	Access to capital markets	Encouraging equity financing through tax reforms	Better use of existing EU instruments (including EIB)	Greater potential for Public-Private- Partnerships	
Measures to alleviate current financial difficulties for midsize and large companies	Important effect	Important effect	Important effect	Important effect	Moderate effect	





OLICY MIX					
OLIOT WIIX					
Monetary policy is	Tight, appropriate for the euro area	Tight	Appropriate yes	Loose	Loose, appropriate for the euro area
nonetary poncy rs			yco		
	adequate	inadequate			
Consistency between fiscal and monetary policies	yes				
	excellent committment	satisfactory committment	neither satisfactory nor unsatisfactory	unsatisfactory committment	no clear committment creating an extremely
Regarding the sustainability of public		yes	,		,
Exit Strategies Tight fiscal rules and more effective	excessive focus	sufficient focus	satisfactory nor unsufficien	unsufficient focus	so far ignored
Institutions		yes			
Greater efficiency of public			yes		
Credible cost-cutting measures			yes		
ncreased scope of public-private				yes	
Reform of pension systems				yes	
mproved efficiency of healthcare				yes	
sector				·	
Entiry Stratonica	avannin fau:	aufficient feets	actic factory par upout =	unaufficient focus	an for ignored
Entry Strategies More and better-targeted education and	excessive focus	sufficient focus	satisfactory nor unsufficien	unsufficient focus	so far ignored
raining			yes		
More and better targeted R&D and		yes			
Prioritisation of infrastructure Investments		yes			
Growth enhancing tax reforms				yes	
	respect the 3% limit	be in balance			
n 2015, the government deficit will	yes	yes			