Beat: Business

FINNISH PARLIAMENT TO DECIDE ON EUROZONE EXIT IN 2016

WHETHER COUNTRY SHOULD ABOLISH THE EURO

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USPA NEWS - Finland's parliament will debate next year whether to quit the euro, a senior parliamentary official said on Monday, in a move unlikely to end membership of the single currency but which highlights Finns' dissatisfaction with their country's economic performance....

Finland's parliament will debate next year whether to quit the euro, a senior parliamentary official said on Monday, in a move unlikely to end membership of the single currency but which highlights Finns' dissatisfaction with their country's economic performance.

The decision follows a citizens' petition which has raised the necessary 50,000 signatures under Finnish rules to force such a debate, probably the first such initiative in any country of the 19-member euro zone.

The petition - which will continue to gather signatures until mid-January - demands a referendum on euro membership, but this would only go ahead if parliament backed the idea.

Some Finns say the country's prospects would improve if it returned to the markka currency and regained the ability to set its own interest rates, pointing to the example of neighboring Sweden, which is outside the euro. The markka could then devalue against the euro, making Finnish exports less expensive.

The center-right government is struggling to balance public finances and improve export competitiveness through 'internal devaluation', including cuts to workers' holidays and other benefits, amid opposition from unions.

A recent report by EuroThinkTank of Finland, a group critical of the euro, put the one-off cost of returning to a floating markka currency at as much as 20 billion euros, but said the move would make sense in the longer run.

'The exit would not be easy, but it must be viewed from the point of view of how it would help gross domestic product to grow,' said Vesa Kanniainen, a professor of economics at Helsinki University and a member of the group.

Before 1992, Finland devaluated its markka currency time and again to improve export competitiveness.

Source : Reuters

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Editorial program service of General News Agency:
UPA United Press Agency LTD
483 Green Lanes
UK, London N13NV 4BS
contact (at) unitedpressagency.com
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