



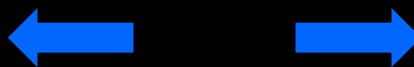
EUROPEAN CENTRAL BANK

EUROSYSTEM

Globalisation and monetary policy

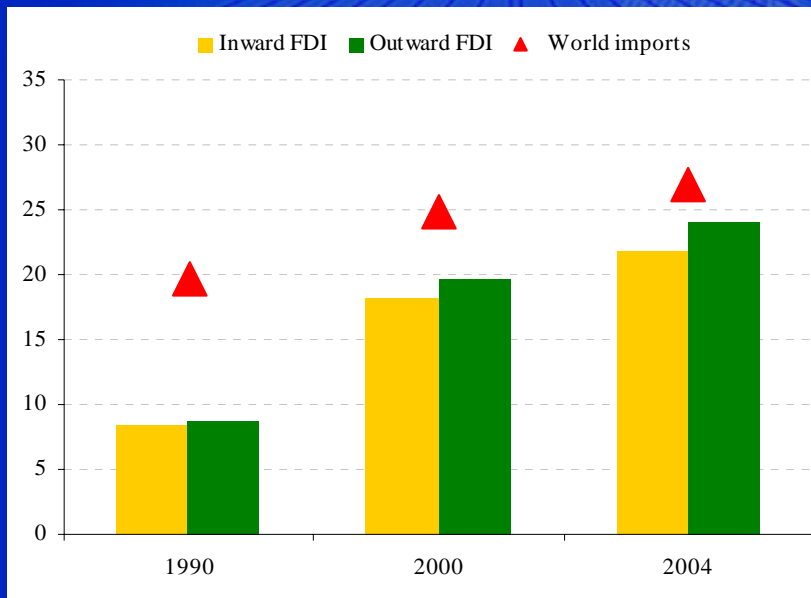
José Manuel González-Páramo
European Central Bank

Bank of Finland, 16 March 2007



Globalisation and the opening up of emerging countries

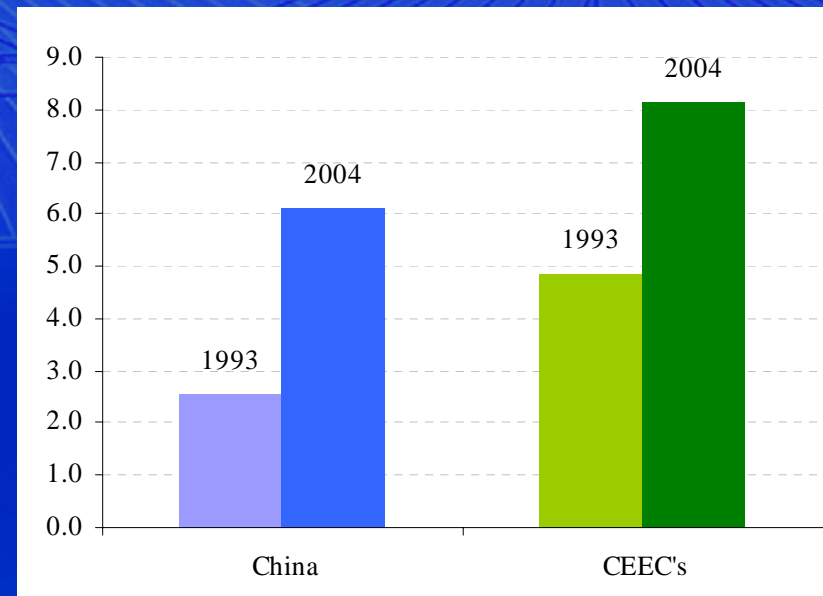
Chart 1. World imports and global stock of inward and outward FDI
(as a percentage of GDP)



Source: UNCTAD, WIR 2005, 2006

Chart 2. Integration of China and the CEEC's into world trade

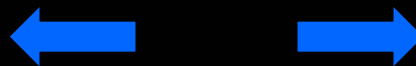
(Exports + imports by country / region divided by world exports + imports, in percent)



Source: CHELEM, ECB calculations

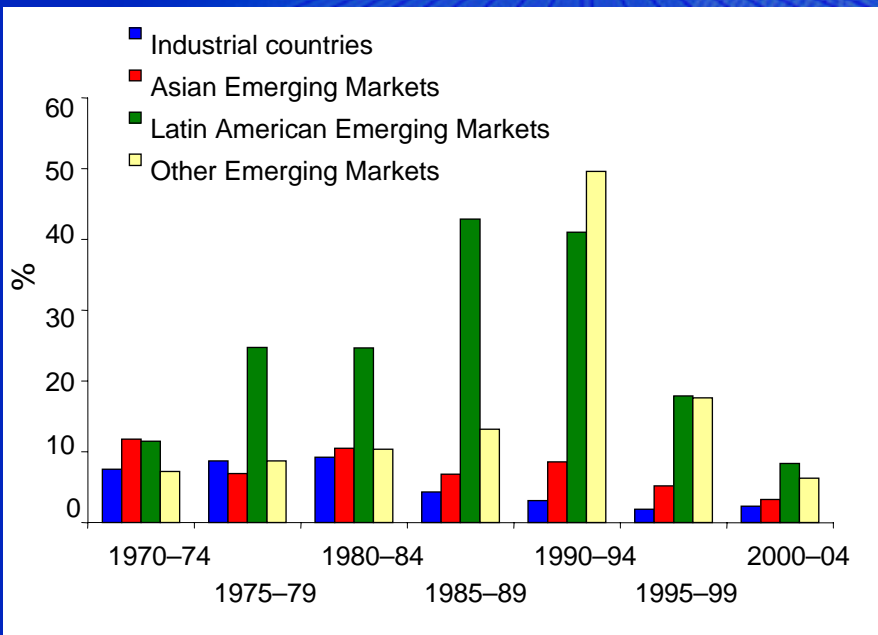
Note: Trade flows are in values and only include goods

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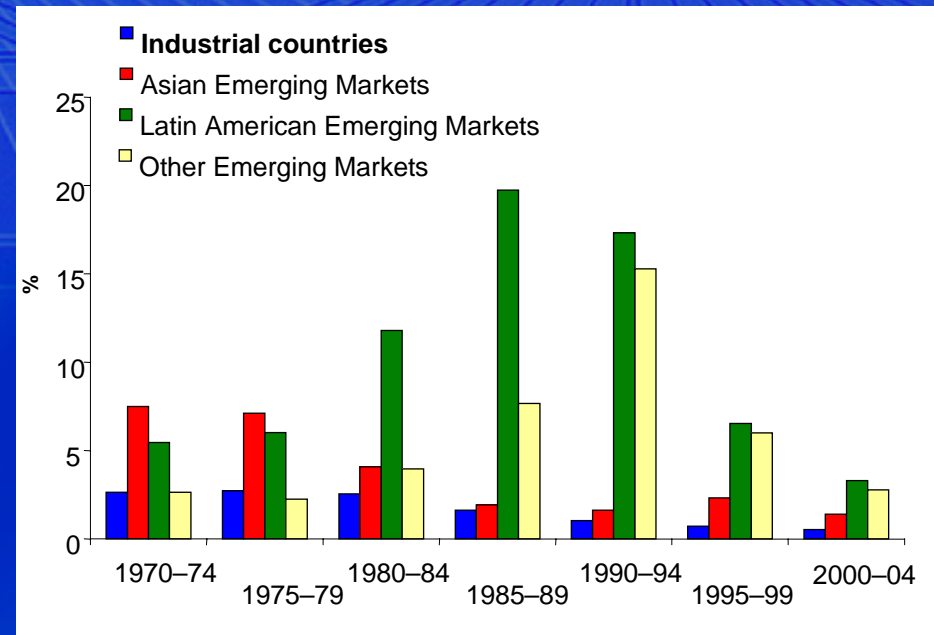
Global disinflation

Chart 3. Global inflation level (median CPI inflation)



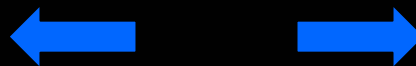
Source: IMF World Economic Outlook, April 2006

Chart 4. Inflation volatility (median standard deviation of CPI inflation; 5-year window)



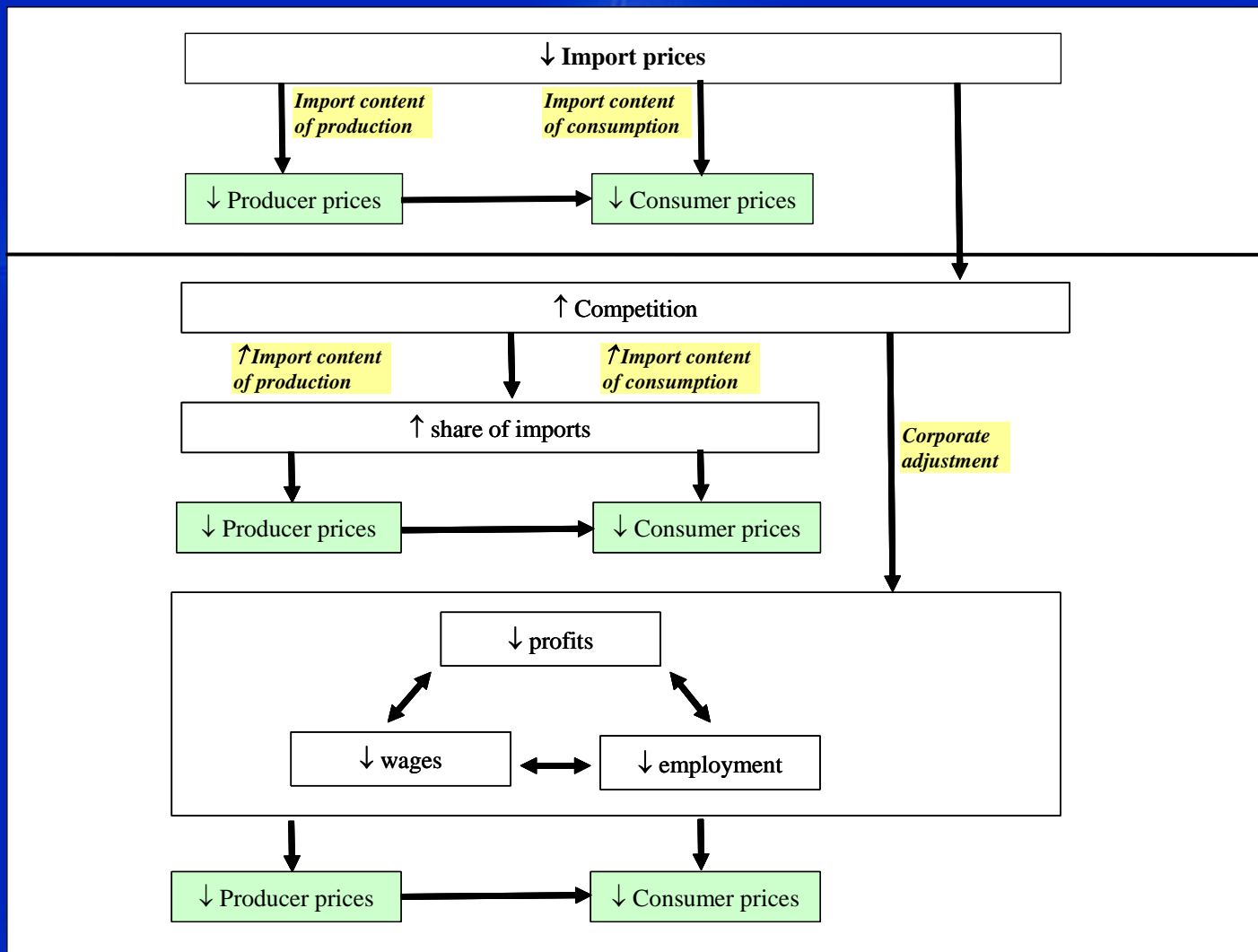
Source: IMF World Economic Outlook, April 2006

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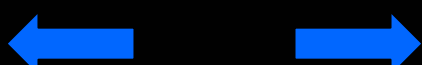


Import price channel

Chart 5. Transmission mechanism of import prices to domestic prices



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Trends in relative prices

Chart 6. Extra euro area import prices of goods

(monthly data, indices: Jan. 2003=100; 3-month moving average)

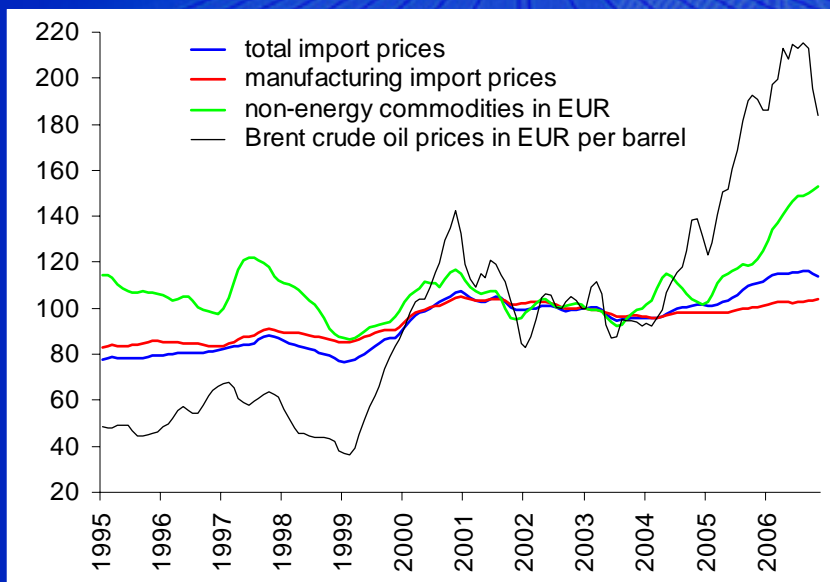
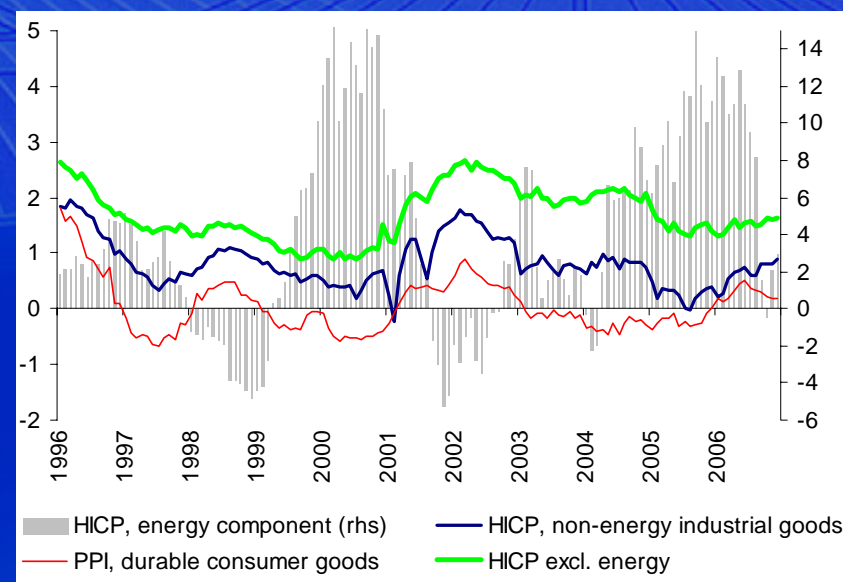


Chart 7. Euro area domestic prices (monthly data, annual changes)



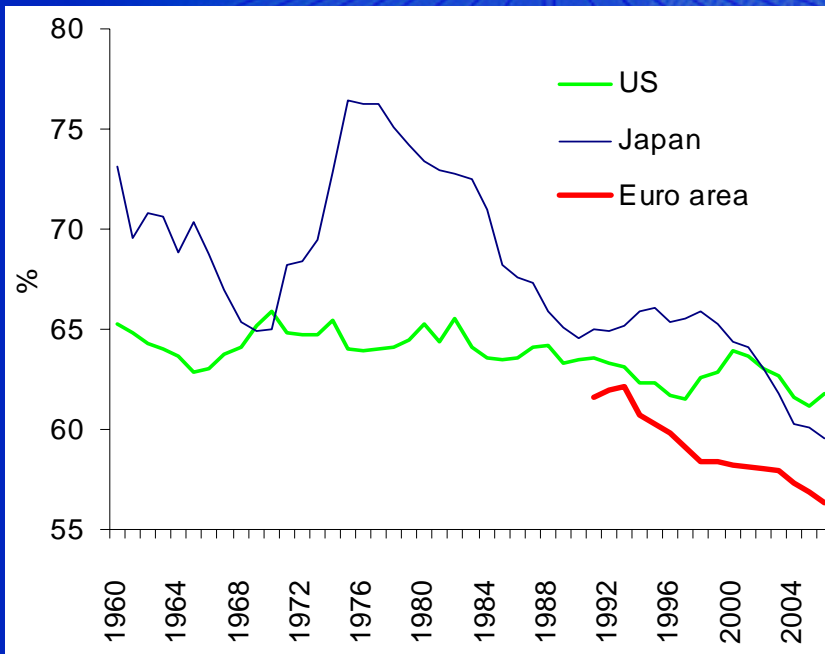
Source: Box entitled 'Effects of the rising trade integration of low-cost countries on euro area import prices' in ECB Monthly Bulletin, August 2006

Note: (manufacturing) import prices are calculated on the basis of unit values from the COMEXT database

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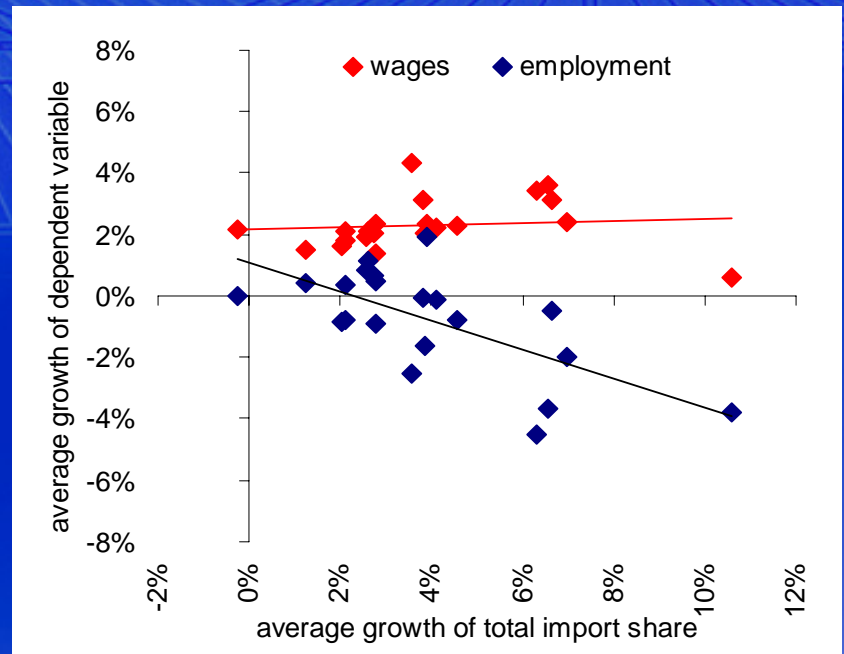
Chart 8. Wage share in the euro area, the US and Japan



Source: AMECO

Note: Adjusted wage shares of total economy

Chart 9. The impact of openness on employment vs. wages in the euro area (a sectoral interpretation)



Source: OECD STAN

Note: Average growth over the 1995-2002 period

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