



BANK OF FINLAND

Monthly Bulletin

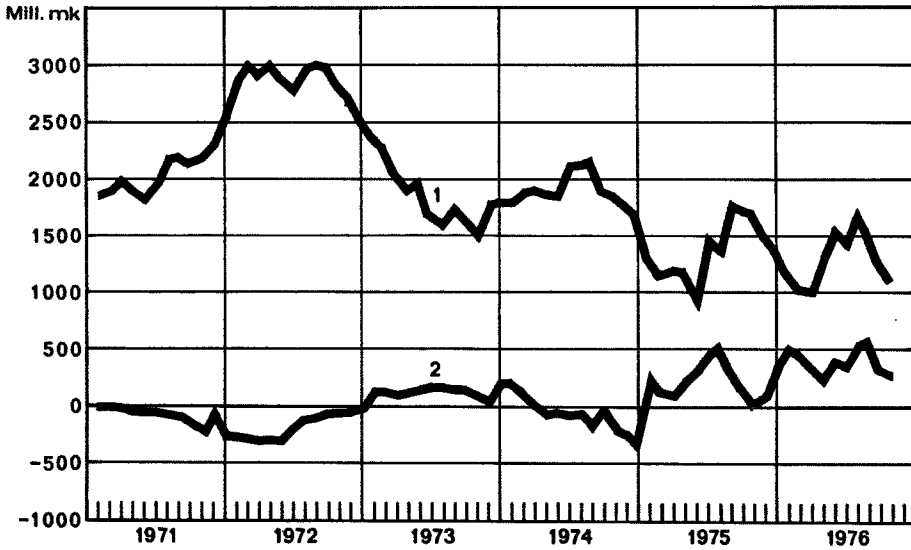
Jordiska Investeringsbanken

New aims and means for Finnish
regional policy

DECEMBER 1976

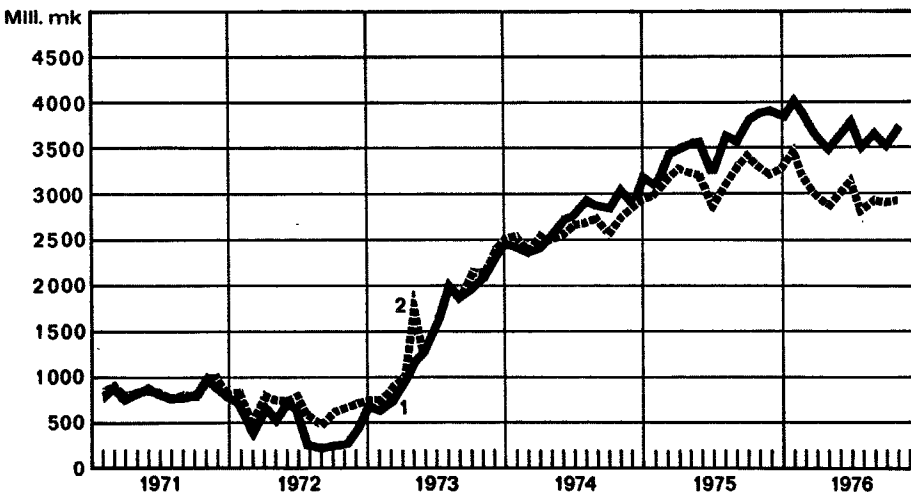
Vol. 50 No. 12

BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE FOREIGN EXCHANGE RESERVES, 1971-1976



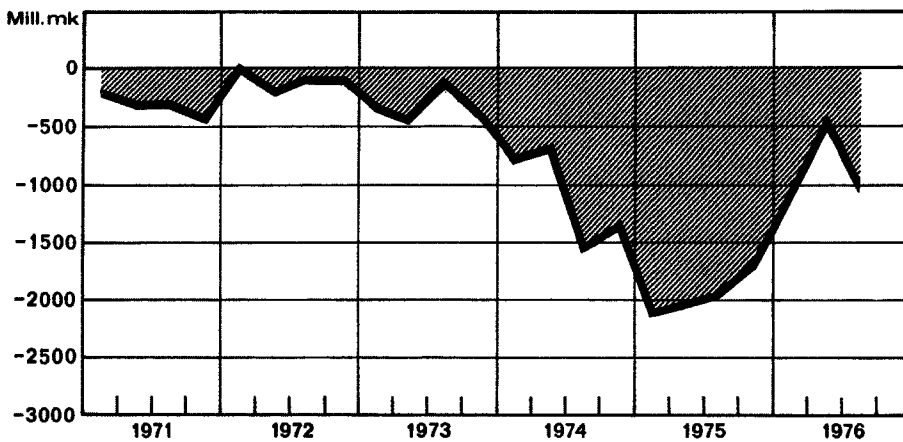
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NORDISKA INVESTERINGSBANKEN

AGREEMENT ON THE ESTABLISHMENT OF THE BANK

In December 1975, the Governments of Denmark, Finland, Iceland, Norway and Sweden signed an Agreement on the Establishment of Nordiska Investeringsbanken (The Nordic Investment Bank). The Agreement was ratified by the member countries during the spring of 1976, and it came into force on June 1, 1976. The establishment of the Bank is a demonstration of the practical and concrete progress of Nordic co-operation. The Bank is expected to become an important instrument in the future development of co-operation between firms in different Nordic countries and in the financing of steady, vigorous expansion of production and exports in the Nordic countries.

THE PURPOSE OF THE BANK

The purpose of the Bank is to support the economies of the Nordic countries by granting credit and providing guarantees, in accordance with normal banking practice and taking into account social and economic considerations, for carrying out investment and export projects of common interest to the Nordic countries. The Bank will co-operate with other credit institutions and with the official and private bodies concerned. The Bank's lending policy shall be consistent with the social and economic goals of the member countries. Loans can be granted for projects which are either officially or privately organized. However, only in exceptional cases shall the Bank engage in projects normally financed with governmental or municipal funds.

PROJECTS OF COMMON INTEREST

The Bank shall finance projects which are of common interest to the Nordic countries, although this concept will be given a broad inter-

pretation. The Bank is to concern itself with projects carried out in co-operation between firms or institutions in two or more Nordic countries, but not with projects which are mainly in the interest of one country only. Common ownership interests between countries need not exist; long-term co-operation in the form of permanent delivery agreements will suffice. The Bank may also participate in the financing of projects which are directly connected with only one country, if they are expected to have a marked positive effect on other Nordic countries as well. A good example of this is the first project which the bank is financing: a Finnish power company has obtained a loan for the construction of a power supply line to link the four nuclear power stations now being built in Southern Finland into the existing electricity grid in Norway, Denmark and Sweden, thereby making possible the optimal construction and use of power plants in all four countries. In the field of export financing, the Bank will concern itself with defined export projects involving at least two Nordic countries. The Bank can also finance projects extending over state boundaries, e.g., communication projects, or regional development projects designed to stimulate activity in a common border area.

The Bank grants loans and provides guarantees in accordance with normal banking practice, this implies that it shall strive to obtain a surplus making it possible to build up reserves and to have a reasonable return on its paid-up capital. In order to strengthen the solvency of the Bank, the surplus shall be transferred to a reserve fund until this fund equals 10 per cent of the Bank's authorized capital. The Bank shall require adequate security when granting loans or giving guarantees, unless it considers that other suitable security exists, considering the relevant circumstances. The Bank shall try to protect itself against exchange rate losses by balancing, in so far as it is possible, its assets and liabilities denominated in different currencies.

THE AUTHORIZED CAPITAL

The Bank's authorized capital, which has been totally subscribed by the five member countries, amounts to 400 million SDRs (Special Drawing Rights of the International Monetary Fund), of which one fourth will be paid up. The unpaid part of the capital serves as the member countries' guarantee for the Bank's obligations. The authorized capital also forms the basis for the Bank's lending and for its guarantee commitments. The Bank can grant loans and provide guarantees up to a total amount equivalent to 250 per cent of its authorized capital. Funds needed for lending are to be acquired by borrowing, primarily on the international capital market but subsequently on the Nordic capital markets as well. The paid-up part of the authorized capital can also be lent out.

THE LEGAL STATUS OF THE BANK

Through the Agreement, the Bank has been established as a common Nordic institution. The Agreement defines the legal status of the Bank with respect to both lenders and borrowers, and with respect to the official authorities and national legal codes of the Nordic countries. The Bank shall possess full juridical personality. The Statutes of the Bank include more precise stipulations concerning its functions and its organization. Unlike amendments to the original Agreement, decisions by the Nordic Ministerial Council to amend the Statutes do not require new ratification. Amendments made to the Statutes must not, however, have any deleterious effects on the position of the Bank's creditors.

November 22, 1976

BANK OF FINLAND

Mill. mk

	1975		1976			
	Nov. 28	Dec 31	Nov. 8	Nov. 15	Nov. 23	Nov. 30
Assets						
Gold and foreign exchange receivables	1 861	1 950	1 618	1 594	1 711	1 774
Gold	121	121	121	121	121	121
Special drawing rights	284	278	251	251	251	251
Convertible currencies	1 206	1 089	857	790	839	825
Tied currencies	250	462	389	432	500	577
Other foreign receivables	1 311	1 274	1 552	1 591	1 603	1 595
Foreign bills	313	272	338	377	386	379
Foreign bonds	200	204	387	387	390	389
Currency subscription to Finland's quota in the IMF	798	798	827	827	827	827
Receivables from financial institutions	4 313	4 164	4 974	4 657	5 062	4 615
Cheque accounts of the commercial banks	172	133	176	165	178	178
Discounted bills	3 519	3 385	3 086	3 072	2 990	3 036
Bonds	361	327	433	367	492	381
Call money market advances	—	—	1 229	1 018	1 396	981
Other financial institution receivables	261	319	50	35	6	39
Receivables from the public sector	333	339	421	421	425	432
Bonds	72	70	69	69	74	74
Total coinage	254	256	277	277	278	278
Other public sector receivables	7	13	75	75	73	80
Receivables from corporations	888	933	1 293	1 287	1 321	1 315
New export bills	132	128	156	156	156	154
Financing of suppliers' credits	374	402	529	530	544	541
Bonds	230	223	203	203	202	202
Other corporate receivables	152	180	405	398	419	418
Other assets	37	47	51	51	51	52
Total	8 743	8 707	9 909	9 601	10 173	9 783
Liabilities						
Foreign exchange liabilities	206	172	165	149	149	171
Convertible accounts	79	78	116	101	101	123
Tied accounts	127	94	49	48	48	48
Other foreign liabilities	1 385	1 385	1 923	1 923	1 923	1 923
IMF mark accounts	1 127	1 127	1 665	1 665	1 665	1 665
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 678	2 855	2 828	2 825	2 808	2 839
Notes	2 450	2 617	2 583	2 580	2 563	2 593
Coins	228	238	245	245	245	246
Deposit certificates in circulation	400	250	—	—	—	—
Claims of financial institutions	5	29	1 002	734	1 308	791
Cheque account of Postipankki	1	1	0	0	1	1
Cheque accounts of the commercial banks	2	3	1	2	1	5
Call money market deposits	—	—	996	728	1 301	782
Other financial institution claims	2	25	5	4	5	3
Claims of the public sector	1 383	1 301	1 230	1 199	1 181	1 215
Cheque accounts	3	2	0	0	0	0
Counter-cyclical reserves	149	155	55	55	55	55
Import deposits	1 222	1 135	1 095	1 065	1 047	1 081
Other public sector claims	9	9	80	79	79	79
Claims of corporations	530	539	282	282	330	352
Investment deposits	69	73	60	60	60	59
Capital import deposits	448	450	218	218	266	247
Import levy deposits	6	8	2	2	2	3
Other corporate claims	7	8	2	2	2	43
Other liabilities	13	15	14	14	13	15
Equalization accounts	1 147	331	551	559	543	555
Capital accounts	996	1 830	1 914	1 916	1 918	1 922
Primary capital	600	1 400	1 400	1 400	1 400	1 400
Reserve fund	237	237	334	334	334	334
Net earnings	159	193	180	182	184	188
Total	8 743	8 707	9 909	9 601	10 173	9 783

End of year and month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserve (1-2)	Non-convertible exchange reserve	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10		11
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250
1975											
Nov.	1 611	79	1 532	123	1 311	1 385	1 581	333	1 383	1 050	400
Dec.	1 448	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250
1976											
Jan.	1 277	86	1 191	533	1 373	1 385	1 712	335	1 318	983	160
Feb.	1 113	82	1 031	482	1 390	1 385	1 518	334	1 380	1 046	—
March	1 184	157	1 027	378	1 442	1 413	1 434	338	1 465	1 127	—
April	1 393	47	1 346	281	1 449	1 413	1 663	341	1 390	1 049	—
May	1 627	46	1 581	434	1 465	1 922	1 558	352	1 360	1 008	—
June	1 546	48	1 498	392	1 456	1 923	1 423	350	1 320	970	—
July	1 800	62	1 738	507	1 483	1 923	1 805	361	1 227	866	—
Aug.	1 670	123	1 547	620	1 503	1 923	1 747	388	1 263	875	—
Sept.	1 414	142	1 272	355	1 533	1 923	1 237	415	1 188	773	—
Oct.	1 257	134	1 123	304	1 560	1 923	1 064	421	1 130	709	—
Nov.	1 197	123	1 074	529	1 595	1 923	1 275	432	1 215	783	—

¹ The balance sheet of the Bank of Finland was revised in Dec. 1974.
See explanations on page 18.

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1975			Net holdings, Sept. 30, 1976			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Sept.	Jan.-Sept.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	278	—	278	251	—	251	—14	—27
IMF gold tranche	—	—	—	—	—	—	—	—
Convertible currencies	1 011	—1 759	—748	900	—1 203	—303	—49	+ 445
Total	1 410	—1 759	—349	1 272	—1 203	69	—63	+ 418
Non-convertible currencies	368	—1	367	355	—23	332	—265	—35

End of year and month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and re-dis-counted bills	Cheque account receiv-ables ²	Other RECEIV-ables	Cheque account liabilities to the commer-cial banks ³	Cheque account liabilities to Posti-pankki ³	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 413
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855

1975

Nov.	3 519	172	622	2	1	2	4 308	888	530	358	2 678
Dec.	3 385	133	646	3	1	25	4 135	933	539	394	2 855

1976

Jan.	3 085	147	543	2	3	2	3 768	973	540	433	2 614
Feb.	3 035	196	1 408	5	0	709	3 925	1 031	548	483	2 677
March	3 035	202	1 421	1	1	843	3 813	1 098	427	671	2 544
April	3 053	193	1 098	1	0	683	3 660	1 126	523	603	2 676
May	3 235	176	1 004	2	0	551	3 862	1 175	488	687	2 775
June	3 358	196	1 111	1	0	685	3 979	1 215	413	802	2 969
July	2 775	164	1 189	3	0	793	3 332	1 284	374	910	2 895
Aug.	2 749	169	926	3	0	531	3 310	1 297	301	996	2 858
Sept.	3 031	185	1 153	2	0	783	3 584	1 342	189	1 153	2 840
Oct.	3 148	164	1 566	3	0	1 005	3 870	1 356	297	1 059	2 882
Nov.	3 036	178	1 401	5	1	785	3 824	1 315	352	963	2 839

¹ The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

² Including special index accounts

³ Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

November, 22, 1976

New York ¹	1 \$	3.832	Frankfurt o. M.	100 DM	159.60	Vienna	100 S	22.44
Montreal	1 \$	3.882	Amsterdam	100 FI	153.00	Lisbon	100 Esc	12.22
London	1 £	6.410	Brussels ²	100 Fr		Madrid	100 Pta	5.63
Stockholm	100 Kr	91.60	Zurich	100 Fr	157.50	Tokyo	100 Y	1.300
Oslo	100 Kr	73.00	Paris	100 FF	76.80	Reykjavik	100 Kr	2.05
Copenhagen	100 Kr	65.10	Rome	100 Lit	0.443	Moscow ³	1 Rbl	5.109

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

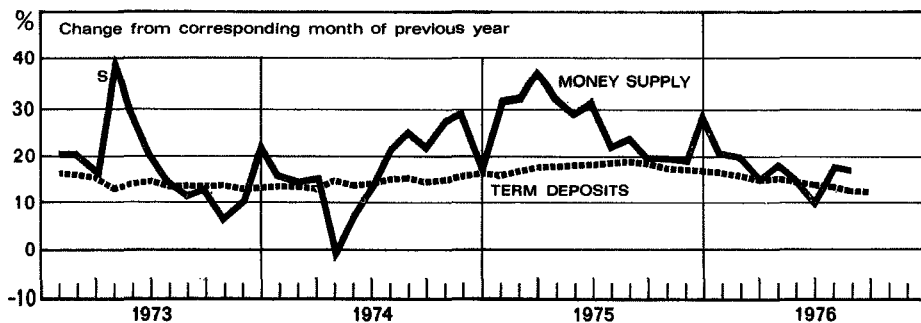
² 10.420 commercial rate; 10.420 financial rate.

³ Clearing account: also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 962	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487
1975	3 447	4 642	2 301	11 764	9 751	7 538	3 170	1 094	33 317	40 260
1975										
Sept.	2 546	3 531	1 582	10 959	9 203	7 177	2 929	1 056	31 324	36 437
Oct.	2 686	3 653	1 417	11 011	9 225	7 206	2 939	1 058	31 439	36 509
Nov.	2 659	3 642	1 652	11 234	9 326	7 280	2 985	1 057	31 882	37 176
Dec.	3 447	4 642	2 301	11 764	9 751	7 538	3 170	1 094	33 317	40 260
1976*										
Jan.	3 268	4 301	2 038	11 872	9 891	7 685	3 229	1 117	33 794	40 133
Feb.	2 854	4 176	2 258	11 930	10 021	7 777	3 262	1 132	34 122	40 556
March	3 004	4 332	2 032	11 837	10 031	7 752	3 224	1 139	33 983	40 347
April	3 038	4 121	2 155	11 894	10 082	7 820	3 270	1 148	34 214	40 490
May	2 841	4 017	2 048	11 972	10 174	7 870	3 292	1 162	34 470	40 535
June	3 003	4 221	1 865	11 963	10 279	7 965	3 332	1 167	34 706	40 792
July	2 984	4 174	1 951	11 966	10 389	8 065	3 390	1 184	34 994	41 119
Aug.	3 099	4 376	1 968	11 988	10 531	8 212	3 423	1 194	35 348	41 692
Sept.	2 852	4 081	1 935	11 895	10 555	8 286	3 426	1 213	35 375	41 391



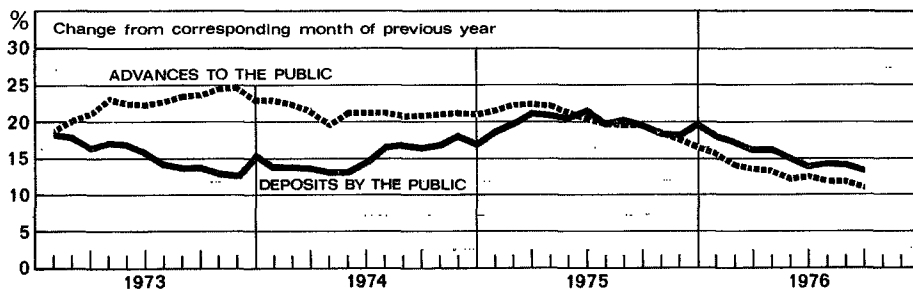
ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by				Types of advances			Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115
1974	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283
1975	17 773	9 108	7 799	5 488	4 129	43 003	1 294	44 297	9 450

1975									
Sept.	17 734	8 749	7 450	5 104	3 815	41 456	1 396	42 852	7 391
Oct.	17 811	8 785	7 542	5 275	3 900	41 907	1 406	43 313	7 321
Nov.	17 852	8 997	7 673	5 420	4 046	42 585	1 403	43 988	7 643
Dec.	17 773	9 108	7 799	5 488	4 129	43 003	1 294	44 297	9 450

1976*									
Jan.	17 769	9 279	7 900	5 551	4 223	43 456	1 266	44 722	8 621
Feb.	17 868	9 311	7 937	5 605	4 230	43 633	1 318	44 951	8 771
March	17 902	9 448	8 009	5 688	4 249	43 912	1 384	45 296	8 582
April	18 049	9 576	8 079	5 950	4 267	44 460	1 461	45 921	8 607
May	18 138	9 647	8 178	5 694	4 388	44 611	1 434	46 045	8 488
June	18 396	9 728	8 300	5 779	4 419	45 152	1 470	46 622	8 652
July	18 212	9 831	8 376	5 844	4 489	..	..	46 752	8 665
Aug.	18 309	9 965	8 428	5 885	4 517	..	..	47 104	8 830
Sept.	18 450	10 148	8 683	5 938	4 479	..	..	47 698	..



STATE FINANCES

Mill. mk

Revenue	Jan.-Sept.		Expenditure	Jan.-Sept.	
	1975	1976		1975	1976
Income and property tax (net)	7 013	8 775	Wages, salaries, pensions etc	3 207	3 888
Gross receipts	(14 559)	(17 907)	Repair and maintenance	481	527
Refunds & local authorities	(-7 546)	(-9 132)	Other consumption expenditure	1 403	1 691
Other taxes on income and property	133	167	Total consumption expenditure	5 091	6 106
Employers' child allowance payments	607	807	State aid to local authorities	3 553	4 525
Sales tax	4 290	4 567	State aid to industries	3 235	3 293
Revenue from Alcohol Monopoly	1 030	1 217	of which: agric. price subsidies	(1 563)	(1 846)
Customs duties & import charge	441	421	Child allowances	509	606
Counter-cyclical tax	—	—	Share in national pensions and health insurance	167	197
Excise duty on tobacco	434	583	Other transfer expenditure	1 976	2 454
» » on liquid fuel	866	1 096	Total transfer expenditure	9 440	11 075
Other excise duties	455	626	Machinery and equipment	697	772
Tax on autom. and motor cycles	563	589	House construction	403	391
Stamp duties	362	458	Land and waterway construction	1 027	1 124
Special diesel etc. vehicles tax	50	60	Total real investment	2 127	2 287
Other taxes and similar revenue ¹	400	606	Interest on State debt	152	180
Total taxes	16 644	19 972	Index compensations	37	31
Miscellaneous revenue	1 825	1 279	Net deficit of State enterprises	346	318
Interest, dividends etc.	397	400	Other expenditure	28	34
Sales and depreciation of property	9	4	Total other expenditure	563	563
Redemptions of loans granted	189	329	Increase in inventories	203	83
Total revenue	19 064	21 984	Lending	1 778	1 994
Foreign borrowing	143	590	Other financial investment	489	509
Domestic borrowing	370	606	Total expenditure	19 691	22 617
Total borrowing	513	1 196	Redemption of foreign loans	100	109
Deficit (+) or surplus (-)	(+509)	(-234)	Redemption of domestic loans	295	220
			Total redemptions	395	329
Total	20 086	22 946	Total	20 086	29 946

¹ Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1973	1974	1975	1976		
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.
Foreign debt	1 395	1 152	1 603	2 027	2 157	2 144
Loans	1 758	1 528	1 645	1 919	2 016	2 058
Compensatory obligations	1	1	1	1	1	1
Short-term credit	39	37	85	83	82	..
Cash debt (net)	-468	-571	-242	-406	-555	..
Domestic debt	1 330	995	1 489	1 597	1 544	..
Total State debt	2 725	2 147	3 092	3 624	3 701	..
Total debt, mill \$	710	590	798	931	952	..

FOREIGN TRADE

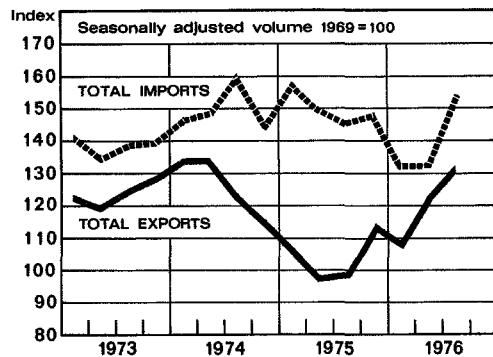
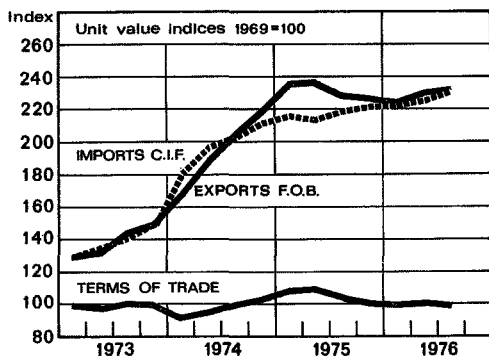
Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974	20 687	25 666	-4 979
1975*	20 247	28 002	-7 755
1975*			
Oct.	1 839	2 458	- 619
Nov.	1 672	2 247	- 575
Dec.	2 371	2 545	- 174
1976*			
Jan.	1 563	2 131	- 568
Feb.	1 478	1 949	- 471
March	1 967	2 249	- 282
April	1 452	1 851	- 399
May	2 176	1 956	+ 220
June	2 232	2 441	- 209
July	2 256	2 544	- 288
Aug.	1 758	2 357	- 599
Sept.	2 119	2 633	- 514
Jan.-Sept.			
1975*	14 365	20 752	-6 387
1976*	17 001	20 111	-3 110

Indices of exports and
imports 1969 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1970	107	121	108		108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974	126	151	196	200	98
1975	105	151	232	218	106
1973					
July-Sept.	122	136	145	142	102
Oct.-Dec.	140	149	151	151	100
1974					
Jan.-Mar.	131	146	169	184	92
Apr.-June	131	147	190	199	95
July-Sept.	119	158	206	204	101
Oct.-Dec.	125	152	221	213	104
1975					
Jan.-Mar.	104	160	237	217	109
Apr.-June	95	146	238	216	110
July-Sept.	94	143	230	220	105
Oct.-Dec.	124	153	228	223	102
1976*					
Jan.-Mar.	106	134	226	224	101
Apr.-June	122	130	231	226	102
July-Sept.	125	152	234	233	100



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24
1975*	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63

1975*

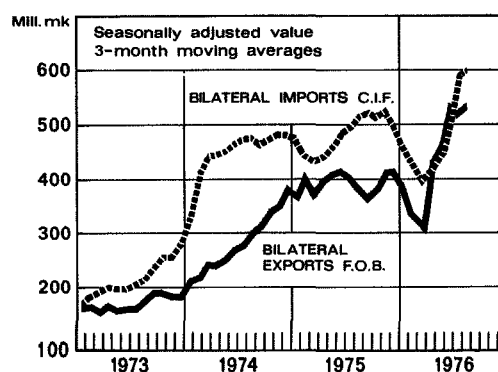
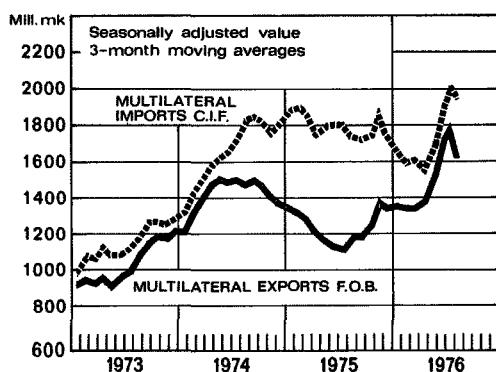
Oct.	25	199	570	505	540	1 554	154	412	337	1
Nov.	17	213	579	395	468	1 361	170	426	289	1
Dec.	82	234	659	877	519	1 511	140	565	323	6

1976*

Jan.	114	190	477	436	346	1 190	133	495	312	1
Feb.	14	196	592	287	389	1 211	114	327	291	6
March	125	214	780	338	510	1 339	91	461	353	5
April	19	140	397	475	421	1 034	66	433	318	0
May	78	158	601	837	502	1 236	106	291	316	7
June	38	302	804	529	559	1 604	100	390	347	0
July	29	320	693	739	475	1 725	164	343	307	5
Aug.	42	257	645	324	490	1 483	163	381	308	22
Sept.	47	276	665	554	577	1 564	166	516	386	1

Jan.-Sept.

1975*	325	1 531	5 417	3 580	3 512	12 632	1 206	3 819	3 040	55
1976*	506	2 053	5 654	4 519	4 269	12 386	1 103	3 637	2 938	47



FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—September				January—September			
	1975*		1976*		1975*		1976*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	63.4	9 106	65.2	11 079	66.4	13 773	65.1	13 096
Austria	0.8	111	0.7	115	1.3	275	1.4	290
Belgium-Luxembourg	1.4	208	1.7	282	1.8	378	1.8	364
Denmark	3.5	497	3.9	660	3.3	690	3.1	617
France	3.5	495	3.8	639	3.6	757	2.8	573
Federal Republic of Germany	8.9	1 278	9.9	1 684	16.3	3 379	16.3	3 271
Italy	1.2	175	1.7	289	2.1	426	2.0	411
Netherlands	2.7	381	3.1	533	2.9	608	3.0	607
Norway	4.7	677	3.4	587	2.7	569	3.1	614
Portugal	0.3	39	0.3	57	0.5	101	0.3	65
Spain	1.2	175	1.0	169	1.0	203	1.4	276
Sweden	17.1	2 457	18.0	3 056	18.3	3 792	17.9	3 601
Switzerland	1.5	217	1.7	286	3.2	654	3.4	678
United Kingdom	15.1	2 175	14.7	2 493	9.2	1 903	8.4	1 680
Other	1.5	221	1.3	229	0.2	38	0.2	49
OECD countries outside Europe	4.7	679	4.8	817	9.4	1 951	9.0	1 814
Canada	0.5	75	0.6	111	0.4	79	0.5	93
Japan	0.5	76	0.7	114	1.8	363	1.6	329
United States	3.1	445	2.7	456	7.2	1 500	6.9	1 382
Other	0.6	83	0.8	136	0.0	9	0.0	10
CMEA countries	23.5	3 381	22.0	3 735	20.9	4 332	21.7	4 362
Czechoslovakia	0.5	76	0.6	95	0.4	83	0.5	103
Democratic Republic of Germany	0.7	103	0.8	141	0.8	159	0.5	97
Poland	1.2	171	1.2	202	2.3	478	1.7	344
Soviet Union	20.3	2 918	18.5	3 149	16.5	3 420	18.1	3 639
Other	0.8	113	0.9	148	0.9	192	0.9	179
Latin America	2.3	325	2.1	359	1.2	243	1.8	363
Argentina	0.9	123	0.2	38	0.1	12	0.1	13
Brazil	0.6	88	0.6	95	0.2	47	0.4	84
Colombia	0.1	8	0.1	18	0.4	85	0.6	125
Other	0.7	106	1.2	208	0.5	99	0.7	141
Other	6.1	874	5.9	1 011	2.1	453	2.4	476
GRAND TOTAL	100.0	14 365	100.0	17 001	100.0	20 752	100.0	20 111
of which								
EFTA countries	24.5	3 526	24.2	4 122	26.0	5 405	26.2	5 266
EEC countries	36.9	5 303	39.2	6 667	39.3	8 155	37.5	7 545
OECD countries	68.1	9 785	70.0	11 896	75.8	15 724	74.1	14 910

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1973	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974 ^r	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
1975	20 181	27 939	-7 758	+ 984	+105	+217	-6 452	-1 414	-108	-7 974

1973

Jan.-March	3 282	3 868	- 586	+260	- 5	+28	-303	-139	-14	-456
Apr.-June	3 182	3 843	- 661	+218	+ 48	+16	-379	-190	-22	-591
July-Sept.	3 656	4 084	- 428	+271	+240	+10	+ 93	-173	- 9	- 89
Oct.-Dec.	4 405	4 765	- 360	+247	+ 57	-25	- 81	-251	-12	-344

1974

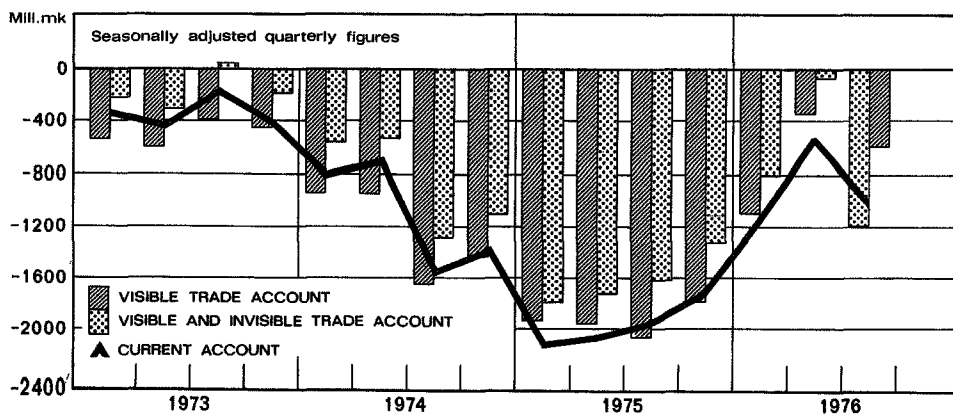
Jan.-March	4 589	5 683	-1 094	+338	+ 10	+ 5	- 741	-233	-25	- 999
Apr.-June	5 159	6 198	-1 039	+282	+ 74	+47	- 636	-239	-11	- 886
July-Sept.	5 104	6 838	-1 734	+251	+243	-36	-1 276	-243	- 4	-1 523
Oct.-Dec.	5 753	6 879	-1 126	+204	- 1	+89	- 834	-291	-29	-1 154

1975*

Jan.-March	5 127	7 369	-2 242	+291	- 43	- 44	-2 038	-316	-58	-2 412
Apr.-June	4 695	6 689	-1 994	+221	+ 12	- 2	-1 763	-383	-14	-2 160
July-Sept.	4 498	6 647	-2 149	+237	+143	+ 58	-1 711	-309	- 6	-2 026
Oct.-Dec.	5 861	7 234	-1 373	+235	- 7	+205	- 940	-406	-30	-1 376

1976*

Jan.-March	4 989	6 357	-1 368	+276	-53	+51	-1 094	-349	-24	-1 467
Apr.-June	5 833	6 241	- 408	+295	- 5	+15	- 103	-484	-37	- 624

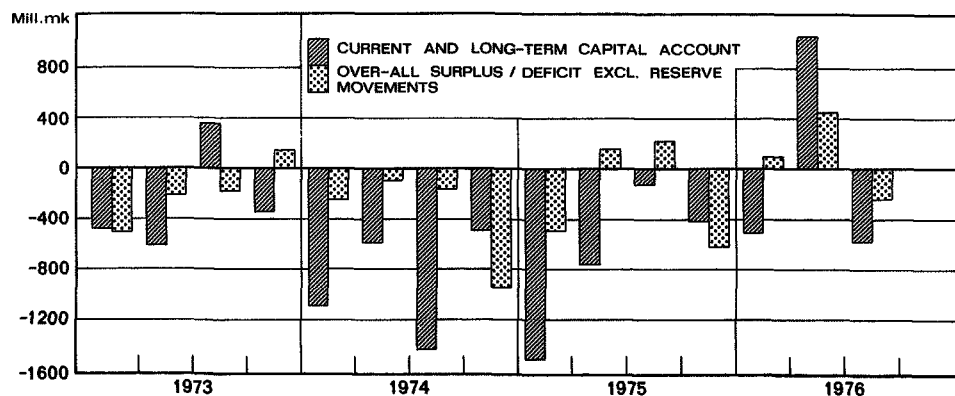


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+6 729	-1 445	-214	+ 62	+5 132	-2 842	+638	+1 449	+ 8	- 747	-444	+1 191
+364	-396	+35	-24	- 21	-477	+21	- 98	+ 47	-507	+353	+154
+309	-265	-48	- 9	- 13	-604	+ 95	+191	+ 91	-227	+301	- 74
+774	-370	+59	-15	+448	+359	-403	-322	+180	-186	+ 66	+120
+411	-335	-12	-66	- 2	-346	+ 41	+221	+220	+136	-229	+ 93
+481	-522	-24	-26	- 91	-1 090	+288	+124	+409	-269	+138	+131
+758	-362	-114	+13	+295	- 591	+349	+ 58	+ 88	- 96	- 99	+195
+549	-379	- 61	-25	+ 84	-1 439	+502	+312	+462	-163	+202	- 39
+942	-274	- 24	+15	+659	- 495	-209	-157	- 86	-947	+498	+449
+1 206	-310	- 24	+11	+ 883	-1 529	+309	+758	- 15	-477	- 32	+509
+1 870	-433	- 48	+ 9	+1 398	- 762	-139	+758	+300	+157	-668	+511
+2 121	-287	- 3	+57	+1 888	- 138	+130	- 34	+247	+205	+ 91	-296
+1 532	-415	-139	-15	+ 963	- 413	+338	- 33	-524	-632	+165	+467
+1 404	-374	+ 2	-79	+ 953	- 514	-579	+119	+1072	+ 98	+373	-471
+2 096	-394	-115	+83	+1 670	+1 046	-158	+120	-550	+458	-485	+ 27

Assets: increase —, decrease +. Liabilities: increase +, decrease —.

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 88 million in 1970, 85 million in 1971 and 85 million in 1972.



PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1984 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1974	495	498	482	523	536	448	555	495	459	233	231	230
1975	562	575	513	570	637	532	629	536	539	259	264	246

1976

Jan.	591	610	517	582	688	578	644	555	583	270	273	260
Feb.	599	617	531	587	691	591	647	565	593	271	273	261
March	605	624	532	589	691	604	656	572	597	272	273	261
April	610	630	535	597	696	606	669	575	598	275	273	268
May	610	629	537	598	696	604	666	576	598	282	292	268
June	611	629	539	599	698	605	669	576	599	282	292	269
July	628	648	554	610	706	633	686	596	615	285	292	274
Aug.	641	662	560	627	709	642	697	611	627	288	292	279
Sept.	648	670	565	640	721	640	700	623	633	292	292	285
Oct.	650	671	567	642	726	640	699	624	637	293	292	287

Consumer prices 1972 = 100

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100										
			Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1974	333	261	129	130	109	128	144	161	129	128	118	127
1975	392	308	153	157	135	150	162	184	150	145	144	156

1976

Jan.	426	335	166	167	161	163	168	189	159	166	154	172
Feb.	432	339	168	167	161	163	168	191	160	169	156	181
March	436	343	170	174	161	163	169	191	161	170	157	182
April	440	345	171	176	161	164	169	192	161	171	160	182
May	441	346	171	176	161	164	169	201	161	172	160	182
June	442	347	172	176	161	164	171	201	161	172	161	182
July	450	353	175	185	168	161	171	202	162	175	161	186
Aug.	456	358	177	191	168	163	171	202	165	176	161	187
Sept.	460	360	179	193	169	168	171	202	166	177	162	190
Oct.	465	365	181	192	168	173	174	208	167	178	167	194

WAGES

Index of salary and wage earnings 1964 = 100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Industry	Construction							
1974	395	317	325	256	252	250	298	248	313	285
1975*	506	384	389	310	312	302	363	300	383	347
1974										
July-Sept.	401	327	336	262	259	256	310	255	326	295
Oct.-Dec.	454	342	354	273	271	266	321	263	340	306
1975*										
Jan.-March	464	354	361	278	280	272	330	269	350	315
Apr.-June	497	391	395	313	315	304	371	304	392	353
July-Sept.	511	390	395	316	322	306	375	308	395	357
Oct.-Dec.	556	400	404	331	334	327	381	319	403	366
1976*										
Jan. March	571	417	410	349	348	342	396	336	417	382
Apr.-June	608	430	425	359	360	350	411	346	433	395
July-Sept.	610	430	430	359	361	350	413	346	435	396

PRODUCTION

Volume indices of production 1964 = 100

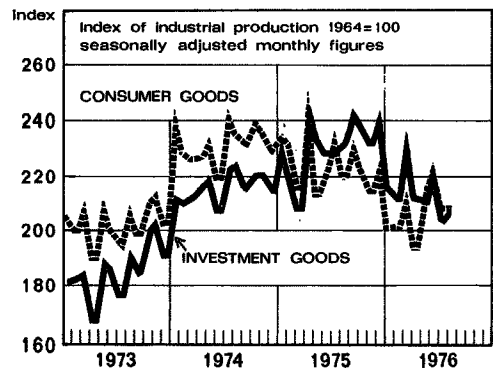
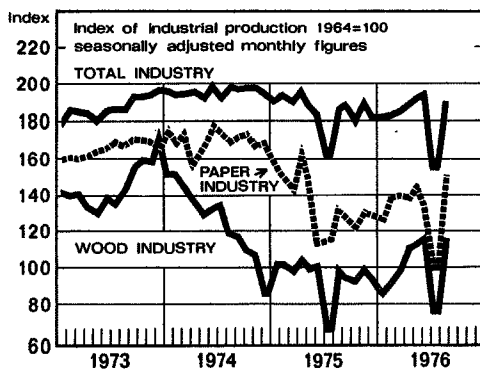
Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1973	154	187	90	96	162	105	155	171	150	151	157
1974	160	197	90	96	168	103	163	179	158	159	165
1975	159	189	95	83	170	107	158	188	166	164	169
1975*											
Jan.-March	160	200	51	119	162	107	157	185	163	162	167
Apr.-June	160	193	77	100	161	110	163	185	165	163	169
July-Sept.	156	164	174	46	178	105	155	184	166	165	168
Oct.-Dec.	162	200	76	64	179	105	158	198	170	167	171
1976*											
Jan.-March	154	198	54	85	116	106	152	182	171	167	172
Apr.-June	159	193	83	95	130	110	155	186	172	168	174

PRODUCTION¹

Index of industrial production 1970 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1974	127	141	122	135	112	107	124	154	136	141	127
1975*	121	151	111	132	112	81	99	136	123	145	120
1975*											
Feb.	127	156	119	134	104	89	112	142	126	153	126
March	125	149	117	133	100	86	109	149	126	148	123
April	137	174	125	151	118	109	109	147	138	169	126
May	127	165	118	131	112	99	109	136	125	156	121
June	109	148	96	125	111	84	68	120	118	139	116
July	74	65	70	84	112	33	82	95	76	64	108
Aug.	117	144	108	131	111	70	100	133	123	135	121
Sept.	125	163	112	139	119	83	92	137	126	155	120
Oct.	132	175	118	150	133	84	96	140	136	165	117
Nov.	127	165	116	136	120	81	101	139	130	156	123
Dec.	116	147	107	126	98	73	88	134	110	139	116
1976*											
Jan.	123	155	120	119	108	70	97	129	102	149	119
Feb.	122	143	121	117	106	81	108	132	104	139	119
March	138	169	135	132	103	104	115	134	115	164	120
April	123	154	119	119	103	107	84	133	99	149	123
May	133	151	130	132	128	116	115	130	120	149	126
June	118	148	109	127	132	103	73	91	120	145	121
July	68	57	68	74	114	37	71	74	61	55	100
Aug.	123	133	120	125	124	85	113	116	118	134	123
Sept.	135	148	133	134	127	101	116	136	139	155	131

¹ Revised figures.



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force. 1 000 persons	Employed 1 000 persons	Un- employed 1 000 persons	Unemploy- ment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1972 = 100	Wholesalers' volume index 1972 = 100
1973	3 442	2 215	2 164	51	2.3	35 123	110	111
1974	3 483	2 268	2 229	39	1.7	34 457	114	114
1975*	3 513	2 272	2 221	51	2.2	29 133	118	119
1975*								
Sept.	3 517	2 257	2 208	49	2.2	1 272	119	128
Oct.	3 519	2 258	2 206	52	2.3	1 700	124	130
Nov.	3 520	2 250	2 189	61	2.7	1 884	104	117
Dec.	3 521	2 244	2 172	72	3.1	2 028	143	126
1976*								
Jan.	3 523	2 198	2 107	91	4.1	1 684	97	106
Feb.	3 525	2 190	2 100	90	4.1	2 332	92	104
March	3 527	2 187	2 102	85	3.9	3 269	104	124
April	3 529	2 195	2 105	90	4.1	3 217	110	113
May	3 531	2 224	2 151	73	3.3	2 735	111	116
June	3 533	2 396	2 320	76	3.2	1 821	114	124
July ¹	3 532	2 416	2 317	99	4.1	1 047	114	106
Aug.	3 531	2 352	2 253	99	4.2	1 155	..	..

¹ Revised figures since July 1976.

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings- works under con- struction
	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1973	54.96	24.68	3.82	20.66	2.81	40.20	18.61	2.91	13.63	2.82	51.42
1974	53.23	22.35	3.26	21.30	3.52	46.50	21.54	2.75	17.04	3.14	52.84
1975*	51.42	19.65	3.79	21.62	3.39	47.59	20.49	2.76	18.34	3.93	53.73
1975*											
Jan.-March	12.59	3.31	0.75	7.23	0.75	11.45	4.64	0.46	4.94	1.10	50.24
Apr.-June	15.90	7.46	1.67	5.00	0.51	10.49	5.18	0.36	3.73	0.74	54.44
July-Sept.	12.21	4.84	0.79	4.72	1.13	10.95	4.45	0.85	3.73	1.29	54.64
Oct.-Dec.	10.71	4.04	0.59	4.36	1.00	13.86	5.97	1.02	5.50	0.77	53.73
1976*											
Jan.-March	8.52	3.04	0.73	3.29	0.86	8.04	3.55	0.52	3.25	0.42	49.19
Apr.-June	14.00	7.39	1.80	2.81	0.55	9.59	3.60	0.35	4.45	0.78	51.30

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 in connection with the revision of accounting legislation. New series have been built according to the revision. When the figures are not fully comparable to the previous ones, the series is broken by a line.

Page 4. *Foreign sector*: Gold and convertible exchange receivables = Gold + Special drawing rights + IMF gold tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights.

Public sector: Receivables = Total coinage + Other public sector receivables + Bonds.

Liabilities = Cheque accounts + Counter-cyclical reserves + Import deposits + Other public sector liabilities.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other receivables = Call money market advances + Bonds + Other financial institution receivables. Other liabilities = Call money market deposits + Other financial institution claims.

Corporate sector: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds.

Liabilities = Investment deposits + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims.

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC — MONEY SUPPLY

Figures for deposits and advances are supplied by the Central Statistical Office. From the beginning of 1974 the figures include deposits by and advances to other credit institutions.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative banks.

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public.

From 1974 the money supply includes estimates of Finnish notes and coins held by the savings and co-operative banks. Exact figures are not available.

STATE FINANCES

Page 8. Official figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure; Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to Postipankki less cash holdings (net) of State departments and funds.

FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9). The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase exports by countries of sale.

BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

PRICE INDICES

Page 14. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office. Page 16. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: Investment goods weight 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6 and metal industry (SIC 37-38) 25.9.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — CONSTRUCTION OF BUILDINGS

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED

- Preliminary
- r Revised
- 0 Less than half the final digit shown
- . Logically impossible
- .. Not available
- Nil
- S affected by strike

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1975 is as follows: Social Democrats 54, People's Democrats 40, Centre Party 39, Conservatives 35, Swedish Party 10, Liberal Party 9, Christian League 9, Finnish Farmers Party 2, Finnish People's Unification Party 1 and Finnish People's Constitutional Party 1.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966 and OECD 1969.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. Of the land area (1970) 2.7 mill. ha (9.6 %) are cultivated and 19.1 mill. ha (68.4 %) are covered by forests.

OWNERSHIP OF LAND (1970): The total land area was distributed among different classes of owners approximately as follows: private 60.7 %, State 29.4 %, joint stock companies etc. 8.0 %, municipalities and parishes 1.9 %.

POPULATION

NUMBER OF INHABITANTS (1975): 4.7 million. Sweden 8.2, Switzerland 6.4, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1975): In South Finland 46.1, in East and Central Finland 13.3, in North Finland 4.0 and in the whole country an average of 15.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1975): 41 % of the population inhabit the rural areas, 59 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 496 872 inhabitants, Tampere (Tammerfors) 165 928, Turku (Åbo) 163 981.

EMPLOYMENT (1975): Agriculture and forestry 15 %, industry and construction 36 %, commerce 16 %, transport and communications 7 %, services 26 %.

LANGUAGE (1974): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1976): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1975): births 14.1 ‰, deaths 9.4 ‰, change + 3.8 ‰, net emigration 0.9 ‰. Deaths in France 10.4 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1975, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 5 625 (6 %), forestry and fishing 5 025 (6 %), manufacturing 28 290 (32 %),

construction 9 310 (10 %), transport and communication 8 841 (10 %), commerce, banking and insurance 11 964 (13 %), public administration 4 313 (5 %), ownership of dwellings 3 299 (4 %), services 13 035 (14 %), total 89 702. Index of real domestic product 159 (1964 = 100).

FOREST RESOURCES (1975): The growing stock comprised of 1 513 million m³ (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 656 million m³ was up to the standard required for logs, 55 % of these being pine. The annual growth was 57.5 million m³ and the total removal, calculated on the basis of roundwood consumption, was 40.1 million m³.

AGRICULTURE (1974): Cultivated land 2.6 million hectares. Number of holdings 258 600, of which 172 400 are of more than 5 ha. Measure of self-sufficiency in bread cereals 116 % in the crop year 1974/75

INDUSTRY (1973): Gross value of industrial production 54 650 mill. marks, number of workers 417 884, salaried employees 119 436, motive power (1973) 6.0 mill. kW. Index of industrial production 122 for 1973 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1976): Length 5 919 km.

MERCHANT FLEET (Sept. 30, 1976): Steamers 24 (13 300 gross reg. tons), motor vessels 359 (927 400 gross reg. tons), tankers 56 (1 115 500 gross reg. tons). Total 439 (2 056 200 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1975): Passenger cars 996 300, lorries and vans 128 400, buses 8 600, others 6 600. Total 1 139 900

FINNISH AIRLINES (Feb. 10, 1976): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6.10 Super Caravelles, 9 DC-9s, 3 DC-9-51s, 2 DC-10-30 and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). Since Oct. 12, 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1975). There are two big and five small commercial banks with in all 864 offices, 283 savings banks 384 co-operative banks, six mortgage banks, Postipankki and five development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-nine private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1975). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 9 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ and 10 ½ %. Other credit institutions; term deposits 5 ¾ %; 6 month deposits 6 ¼ %; 12 month deposits 6 ¾ %; 24 month deposits 7 ¾ %; 36 month deposits 9 % + savings premium; 36 month deposits 8 ¼ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

NEW AIMS AND MEANS FOR FINNISH REGIONAL POLICY

by Erkki Laatto, Lic. Pol. Sc.,

Head of the Planning Department

The Prime Minister's Office

Finland's economic development in recent decades has been characterized by heavy investment and sharp changes in the country's industrial structure. A substantial part of the industrial investment has taken place in the large population centres of southern Finland, where competition for labour has increased, and where inward-migration of labour has also been strongest. At the same time, there have still been regions particularly in north and east, where unemployment and underemployment have been persistent, and where the structure of industrial activity has remained underdeveloped. In order to reduce regional differences in development and to intensify the utilization of society's resources, Finland has pursued regional development policies since the late 1960s.¹

AMENDMENTS TO THE LEGISLATION ON REGIONAL POLICY

The revised legislation consists of a general law concerning the methods and procedures of regional planning and of a special law on the promotion of the industrial activities of enterprises located in development areas. The legislation on Regional Policy also includes some separate laws and decisions by the Council of State stipulating the means by which tax relief and transport subsidies are granted to enterprises located in development areas, organising the establishment of industrial estates, and regulating the operations of the Regional Development Fund Ltd. The main types of support given to enterprises in development areas are investment subsidies, starting-up grants and training subsidies; these are given within the framework of a special zonal division. The De-

velopment Regions are divided into two zones, with the subsidies granted in the First Zone being higher than those in the Second Zone. The First Zone includes the country's northernmost municipalities and certain island municipalities. In addition, special Extra Subsidy Areas have been created within the First Zone. In these areas, generally speaking the communities of the far north and the remotest islands, the upper limit on the support given is even higher than in the rest of the First Zone.

In accordance with a decision last July by the Council of State, the Extra Subsidy Area was extended to take in more municipalities, and at the same time the upper limit was increased for the investment subsidies in these areas. The upper limit also went up in the rest of the first Zone, although the lower limit was reduced at the same time. After these revisions, investment subsidies in the Extra Subsidy Areas cover not less than 20 per cent and not more than 40 per cent of the total amount of allowable investment costs. In the First Zone, they cover not less than 5 and not more than 30 per cent of the costs, and in the Second Zone, the limits are 5 and 10 per cent respectively. The rates for starting-up grants have been kept unchanged in the form defined by the Act passed in the summer of 1975.

At the beginning of 1976, a new law was passed concerning transport support granted to enterprises. The new law differed from its predecessor mainly in that the number of products eligible for transport support was restricted, that in combined road/rail transportation both parts are now counted as eligible for transport support (road transport was not previously eligible), and that the position of the transportation by road of piece-goods was improved, as

¹ See Bulletin 10/1975.

was that of special loads. This last-mentioned provision means that, according to the new law, transport support will be granted for such transport unconditionally.

CERTAIN NEW MEASURES FOR PROMOTING REGIONAL AND EMPLOYMENT POLICIES

In this context it is relevant to examine two new forms of support, closely related to regional policy, although not limited to enterprises located in development areas. These forms of support are mainly related to manpower and counter-cyclical policies. The first is a special manpower policy subsidy to be paid to enterprises during a cyclical recession; it is designed to increase the operating funds of enterprises and it is available on the condition that the enterprise avoids lay-offs and redundancies during a set period. Subsidies can be granted up to the equivalent of the highest daily allowance paid by the Unemployment Funds per one working or training day of an employee. This form of support is based on a Council of State decision which will remain in force until the end of this year.

The other form of support is based on a new law concerning the granting of counter-cyclical loans to enterprises for reasons of manpower policy; this law came into force at the beginning of September 1976, and will last until the end of 1980. Loans are available on much the same basis as are the counter-cyclical subsidies. The upper limit on a loan to be granted to an enterprise is the equivalent of three times the highest daily allowance paid by the Unemployment Funds, per one working or training day, and for a period of not more than six months. The loans are granted for three years at a rate of interest of seven per cent.

POLICIES CONCERNING THE ESTABLISHMENT OF INDUSTRIAL ESTATES

The construction of industrial estates is one measure which creates new employment in

development areas. Decisions to construct industrial estates were made in both 1973 and 1974, and at present there is a total of nine industrial estates in operation, under construction, or scheduled. Building costs so far have totalled roughly 800 million marks, of which the Central Government and the Regional Development Fund Ltd have financed about 60 per cent. The industrial space completed totals about 57 000 square metres, which is scheduled to provide space for about 1 570 job vacancies, about 1 350 of which have so far been filled.

In Finland, industrial estates are joint stock companies, responsible for constructing or having constructed the industrial buildings and joint service premises needed by the enterprises and for taking care of the financing and other administrative needs of the industrial estates. Each industrial estate is an independent unit, and there is no supervisory organization above them nor any other co-ordinator of their operations. The share capital is normally 10 per cent of the total building costs, and generally 51 per cent of it is owned by the relevant municipality, 40 per cent by the Regional Development Fund Ltd and the remainder by some financial institution.

Of the building costs, the Regional Development Fund Ltd has recently covered 50 or 60 per cent and other financial institutions 40 or 30 per cent. At present, all the state financing is administered through the Regional Development Fund Ltd. The loans granted to municipalities are interest-subsidized and exempt from redemption for a set number of years. If an enterprise located in an industrial estate undertakes to buy rented industrial premises, certain financial benefits will be granted to it. It will be entitled to make depreciation on the industrial premises even though they are not yet directly owned by the firm concerned. In addition, the rents collected to cover the estate's capital expenses will be taken into account to their full extent as instalments on the payment. The possibilities for enterprises to avail themselves of other benefits offered by the Central Government to development areas will not be reduced by these financial benefits.

In larger population centres the construction and operations of industrial estates are well under way, but in smaller centres there have been difficulties in getting the operations started. These difficulties have been caused mainly by the recession and by the disparity between the size of the project started and the resources of a small community. Recently a special study group presented new recommendations for the pursuit of industrial estate policies, and according to them the development of all the industrial estates established so far should be continued. On the other hand, the group considers that there is no reason to establish more than one or two new industrial estates during the rest of this decade. Attempts should be made to attract new enterprises to existing industrial estates by means of subsidies, counselling and other inducements. If new industrial estates are established, a growth-oriented centre must be chosen as its location and this centre must be able to provide sufficient services and training facilities. Moreover, it is required that good communications are available, that town-planning is well-arranged, that sufficient housing production can be ensured, and that the settlement of enterprises in the industrial estate can be guaranteed beforehand.

THE DIRECTING OF LOCATION OF ENTERPRISES

At central government level, information on the choice of location of enterprises has been provided mainly through the Ministry of Labour. Particularly during the last upswing, when there was growing shortage of labour, more attention was focussed on the fact that the Central Government should regularly obtain up-to-date advance information on enterprises' location and expansion projects. This question was dealt with by a special Committee Concerning Restrictions on the Location of Enterprises, which suggested the enactment of a law restricting the location of enterprises. For the execution of the law, the Committee proposed that negotiating procedures should be developed and that a compulsory advance notice and a loca-

tion permission should be required all over the whole country for all projects exceeding a certain size. The requirement of an advance notice based on agreement was suggested as an alternative procedure.

No decision on the necessary procedure has yet been reached, since the question has also been linked with potential need for measures to curtail the growth of the Metropolitan area, another subject on which there are conflicting opinions. Measures to affect the growth of the Metropolitan area have also been examined by a special Committee on the Decentralization of Central Government Offices and Institutes. The subsequent drafting of the Committee's proposals has proceeded slowly, so that only a few of them have so far reached the stage of budgetary decisions.

REGIONAL POLICY PLANNING

The preparation of special regional development plans is the cornerstone of the regional planning system. The Act and the Statute on Promotion of Regional Development set out the contents of regional development plans and the division of administration to be followed in the implementation of them. There are provincial regional development plans and a national development plan as well as development plans made on the basis of the fields of responsibility of different government Ministries.

According to the Act, provincial regional development plans will present general development prospects for the province, the regional policy development targets for the province and its social structure, including population and vacancy estimates, recommendations on necessary measures and a report on the possibilities of implementing the measures suggested.

The national regional development plan will set out provincial population and vacancy estimates, the targets for the social structure and other development of the country as a whole, and the measures suggested for these purposes.

Regional development plans are designed to affect governmental decision making so that regional policy goals can be made more precise. This requires information on factors affecting regional development and on different sectors of social policy, and the systematization and processing of the information obtained into a basis for decision-making. The success of planning presupposes that overall national development projects are made consistent with the goals set for solving regional problems, and hence the structure of the planning system applied must be multi-level. The opinions of different authorities and organizations about the development of the different areas of the country will be integrated in the plans, and thus they too will have an influence on decision-making. It is the task of the Planning Department of the Prime Minister's Office to create bases for this planning sufficiently uniform that the overall effects of measures taken by different authorities will be revealed, and that co-ordination of these different measures will be possible.

The preparation of provincial regional development plans was started on an intermediate level (in provincial governments, among district government authorities and in regional planning associations) in the summer of 1976. Planning is based on a study of the population's living conditions; the coverage of the study is fairly comprehensive. However, planning is selective and special emphasis has to be placed on solving the most severe problems of each area. Provincial regional development plans serve to complete ordinary sectoral planning; their most essential element is the co-ordination of the plans made by region and by administrative field. The development targets for provinces and their social structure are set on the basis of problems observed in the living conditions of the population. The policy line to be followed and the measures to be taken for reaching the targets are planned on the same basis.

The most important function of the provincial regional development plans is to ensure that the opinions of the intermediate level about the direction of the development of its area are transmitted to the Ministries concerned. The

contents of the ministries' regional development plans are still being decided. This is taking place in co-operation with the Ministry of Finance, and it is based on the premise that each ministry's regional development plan is intended to increase regional policy information as an aid for the Ministry's own decision-making. A reassessment of the Ministry's own goals from a regional point of view plays a central role in the preparation of these development plans. The other main purpose is to set out the bases on which to assess the results of the provincial regional development plans. At the same time, attempts are being made to fit in the information obtained from provinces with the Ministries' own views about the regional development targets set for their governmental fields and about the policy line to be followed. Simultaneously, ministerial regional development plans serve as instruments by which each Ministry supervises to governmental responsibilities vested in it.

TARGET FIGURES FOR POPULATION AND VACANCIES

Population and vacancy target figures provide a basis for the measurement of regional planning. At the same time, they indicate certain fundamental purposes of regional development policy. The Council of State has already twice confirmed the use of these provincial population and vacancy forecasts as recommended background estimates for all central government planning. These target figures extend up to 1980 and 1985, and they have been further broken down into primary, secondary and tertiary industries.

The target-setting nature of the forecasts is due to the assumption that the population of the development areas will remain almost unchanged at the 1975 level. Similar efforts of target-setting are also implied in the assumptions on the course of changes in the nation's industrial structure. The figures confirmed by the Council of State as recommended are estimated individually for each municipality at the intermediate level, and this data for individual

municipalities then makes up the basis for formulating provincial regional policy plans. In addition, they are used for individual Local Planning Areas, which consist of one or several municipalities.

General economic developments and the economic policy pursued are of vital importance for the realization of these targets. When the latest population and vacancy forecasts were confirmed last October, the Minister responsible pointed out that, for the projection to be realized, intensified and more effective regional policy measures would be needed. According to his statement, the intensification of regional policy measures would concern particularly the granting of regional industrial support, the ensuring of the credit capacity of the Regional Development Fund Ltd, and the boosting of the decentralization programme for central government offices and institutions. According to the same statement, the realization of the target will also require that the regional development of training facilities, the regional distribution of housing loans, and any other central government measures encouraging the creation of new vacancies will be conducted in a manner consistent with the target estimate.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

*Absent as a Member
of Government*

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

Directors

Jouko J. Voutilainen

Jorma Aranko

Markku Puntila

Seppo Lindblom

Eino Helenius

Pentti Koivikko

Senior officials

Pertti Kukkonen

Director, ADP-planning

Reino Airikkala

Monetary Policy

Antti Lehtinen

*Domestic Financial
Operations*

Kari Pekonen

Foreign Exchange Policy

Raine Panula

Foreign Exchange

Raili Nuortila

Eastern Trade

Kalle Koski

Capital Transfers

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept.

Heikki Koskenkylä

Research Dept.

Heikki T. Hämäläinen

Administration and Legal Affairs

A. Nenonen

Foreign Correspondence

Eino Suomela

Internal Audit

K. Eirola

Automatic Data Processing

Pauli Kanerva

*Personnel Administration and
General Affairs*

Stig G Björklund

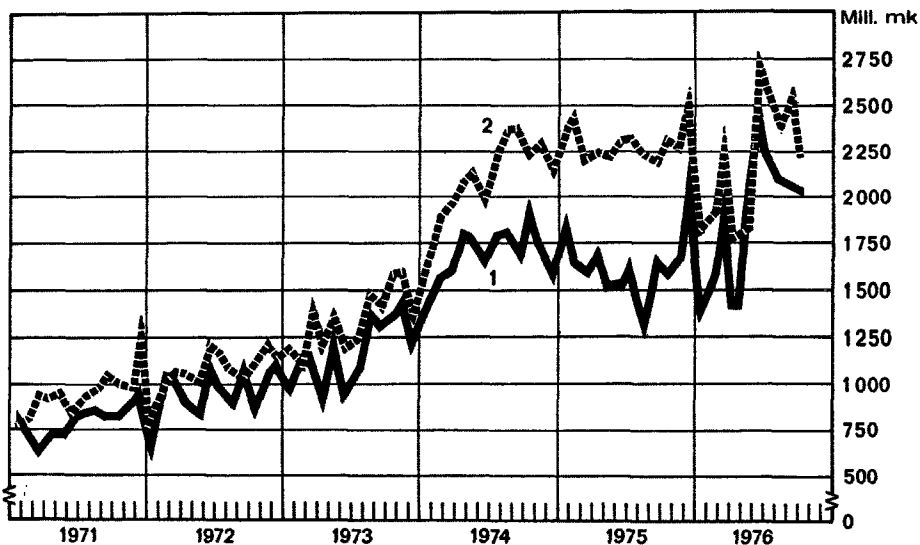
Banking Services

Antti Luukka

Cash

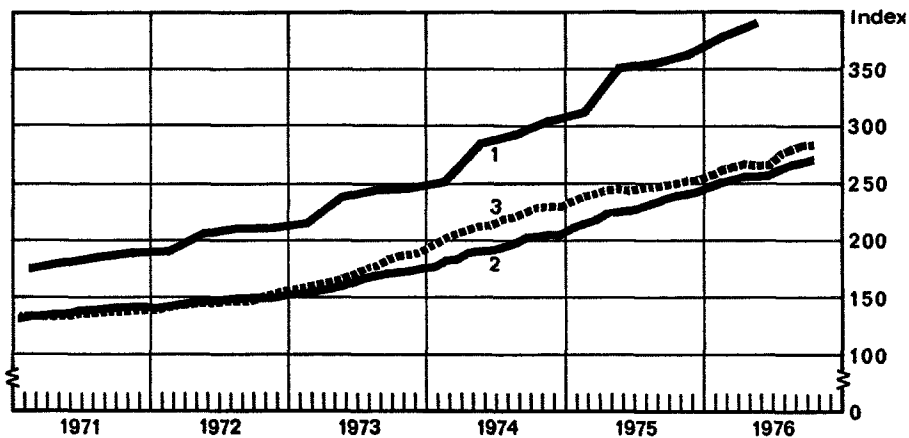
FOREIGN TRADE, 1971-1976

- 1. Exports f.o.b.
 - 2. Imports c.i.f.
- Seasonally adjusted monthly figures



PRICES AND WAGES, 1971-1976

- 1. Index of salary and wage earnings 1964 = 100, quarterly
- 2. Cost of living index 1964 = 100, monthly
- 3. Wholesale price index 1964 = 100, monthly



PRODUCTION, 1971-1976

- 1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

