



BANK OF FINLAND

Monthly Bulletin

Recent trends in Finnish wholesale and retail trade

The outlook for Finnish agriculture in the 1980s

Credit facility agreement

The Bank of Finland investment inquiry of June 1980

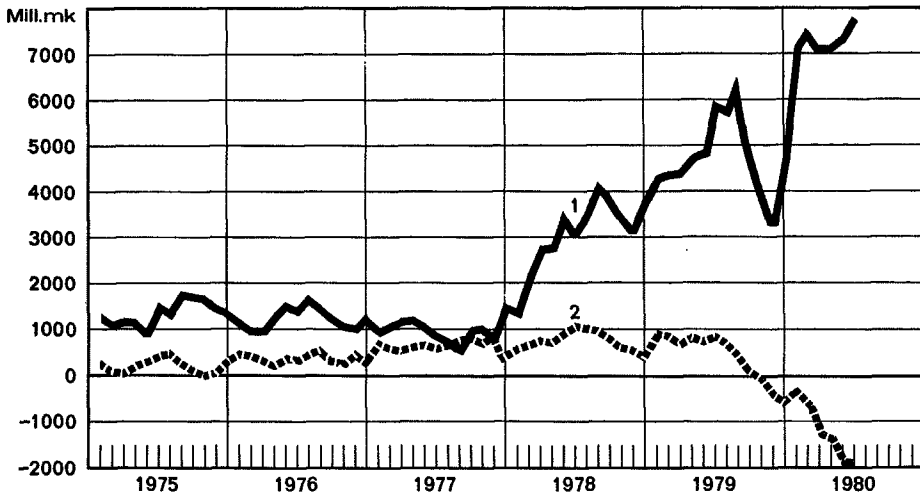
Supplementary budget

Renewed Finnish 5 mark bank note

AUGUST 1980

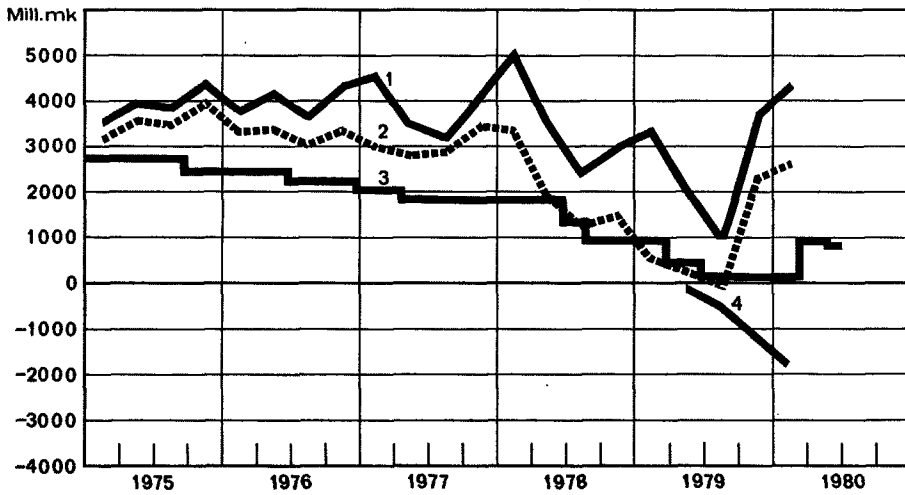
Vol. 54 No. 8

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1975-80



- 1. Gold and convertible currencies
- 2. Tied currencies

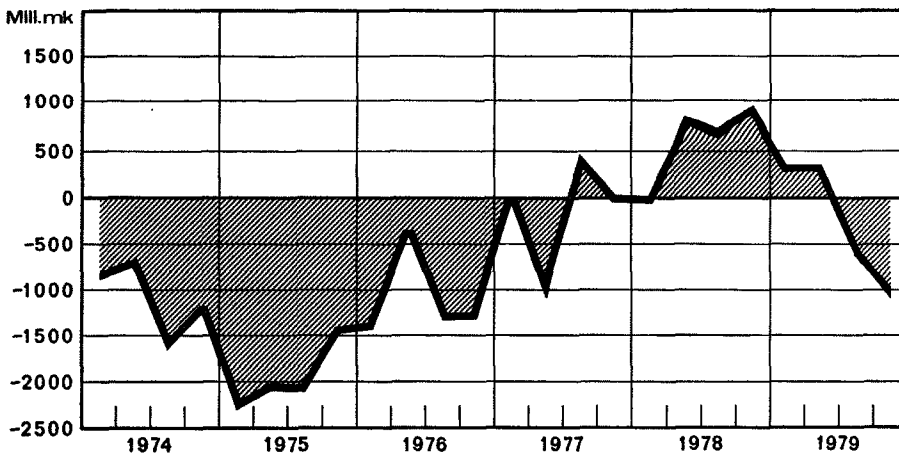
COMMERCIAL BANKS' CENTRAL BANK POSITION, 1975-80



- 1. Total central bank debt
- 2. Actual central bank debt
- 3. The quotas
- 4. Cash reserve deposits

Quarterly average of daily amounts (1, 2 and 4)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1974-79



Seasonally adjusted quarterly figures

RECENT TRENDS IN FINNISH WHOLESALE AND RETAIL TRADE

by Matti Aura, LL.M.

Central Board of Finnish Wholesale and Retail Associations

Finnish wholesale and retail trade are highly developed, and the country's distribution system can be regarded as efficient. A typical feature of the structure of Finnish trade is the marked concentration into competitive groupings, which is shown in Table 1. This concentration is particularly prominent in food retailing, in which four groupings account for 91 per cent of total trade. In addition to Finland, only Norway and Sweden have attained such a high degree of concentration in trade.

Two of the groupings are co-operative, their share of total Finnish retail trade being about a quarter and of total food retailing more than a third.

At the centre of each grouping is a central wholesale organization. There are six central wholesale organizations in Finland, accounting for more than 40 per cent of total Finnish wholesale trade (Table 2). The groupings function as an integrated marketing system, but from the point of view of ownership, the

retail shops and wholesale organizations operating within the groupings are independent units. Especially marketing, the establishment of new shops, and strategic planning have been centrally administered in these groupings.

Outside these central groupings, there has also been an increase in various forms of economic co-operation between enterprises engaged in the same type of business. In recent years, voluntary chains have expanded rapidly in a number of specialized trades, such as footwear, clothing and textiles, and radio and electrical goods.

Finnish retail trade is still dominated by small shops, although the number of retail outlets has dropped rapidly and the average size of shops has increased. The breakdown of retail trade is shown in Table 3.

Throughout the 1970s, retail trade underwent a major structural transformation. The pace of this transformation is expected to slacken in

TABLE 1. THE STRUCTURE OF FINNISH WHOLESALE AND RETAIL TRADE

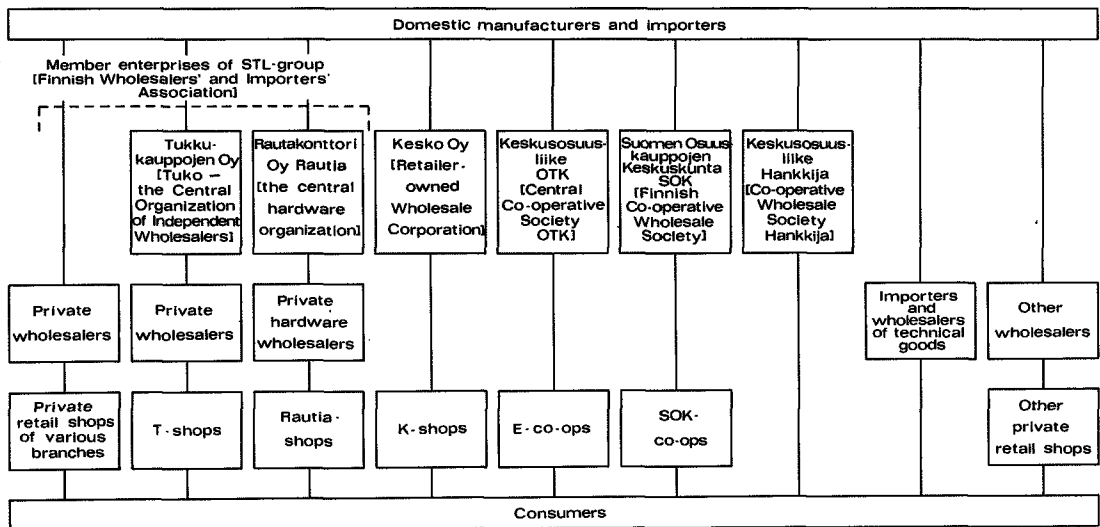


TABLE 2. TOTAL SALES (EXCL. SALES TAX) OF THE MAJOR WHOLESALE GROUPINGS (INCL. SUBSIDIARIES) IN 1979, IN MILLION MARKS AND AS A PERCENTAGE OF TOTAL

	Mill. mk	Per cent
Kesko Oy (Retailer-owned wholesale corporation)	10 996.4	13.0
SOK (The Finnish Co-operative Wholesale Society)	7 260.5	8.6
OTK (The Central Co-operative Society)	5 091.2	6.0
The Co-operative Wholesale Society Hankkija	4 760.7	5.6
Member enterprises of Finnish Wholesalers' and Importers' Association	13 572.6	16.0
of which Tuko partner wholesalers	5 962.5	7.0
of which partner wholesalers of Rautakonttori Oy	3 042.6	3.6
Member enterprises of Finnish Federation of Technical Wholesalers	20 625.9	24.4
Other wholesalers	22 386.2	26.4
All wholesalers	84 693.5	100.0

the 1980s, because the structural transformation of society has also slowed down in line with economic growth. The rural population will not decline as rapidly as in the 1960s and 1970s. Higher energy prices have made travelling more expensive for consumers and this has reduced the competitiveness of large shops. However, it seems obvious that the trend towards larger shops will continue, albeit at a slower rate.

In the 1980s, supermarkets will increase their share in total food retailing (Table 4). On the other hand, so-called hypermarkets are never likely to play a very important role in retailing. At the moment, there are 26 hypermarkets in Finland, which account for 2 per cent of total retail trade and for 3.5 per cent of total foodstuffs trade. The number of conventional food shops will continue to decline at an annual rate of about 2 per cent. In particular, the smallest food shops are encountering substantial difficulties. On the other hand, the competitive location of food shops close to consumers has improved due to the rise in travelling costs.

TABLE 3. TOTAL RETAIL SALES IN 1979, IN MILLION MARKS AND AS A PERCENTAGE OF TOTAL

	Mill. mk	Per cent
Department store sales	7 477.6	12.3
Groceries	6 453.6	10.6
Foodstuffs	13 832.7	22.8
Alcoholic beverages	3 876.0	6.4
Textiles and wearing apparel	3 088.6	5.1
Footwear	601.0	1.0
Hardware, building materials and farming supplies	4 529.4	7.4
Furniture and interior decorations	1 381.7	2.3
Motor trade sales	10 012.4	16.5
Service station sales	4 932.4	8.1
Pharmaceutical products	1 258.8	2.1
Household chemicals and cosmetics	281.7	0.5
Books and stationery	846.3	1.4
Jewellery and clocks	455.2	0.7
Photographic, optical and medical instruments and products	597.1	1.0
Plants, flowers and seeds	340.3	0.6
Other retail trade	723.8	1.2
Total retail sales	60 688.6	100.0

The decline in the number of shops has created special problems in the countryside. In Finland, part of the rural trade has been conducted through mobile shops. In the 1970s, the number of both village shops and mobile shops fell at a fast rate. For the rural population, it has meant lengthened shopping trips and a reduction in living convenience. The central government has made attempts to curb these developments by implementing various support measures. A village shop may obtain

TABLE 4. THE NUMBER AND SALES OF FOOD SHOPS IN 1979, BY TYPE OF SHOP

Type of shop	Number	Per cent	Sales, mill. mk	Per cent
Hypermarkets	26	0.3	657	3.6
Department stores	357	3.5	2 532	14.1
Supermarkets	568	5.6	4 158	23.1
Self-service shops	4 682	45.8	8 292	46.0
General stores	3 521	34.5	1 717	9.5
Specialized shops	616	6.0	470	2.6
Market-hall shops	439	4.3	202	1.1
Total	10 209	100.0	18 028	100.0
Mobile shops	694		684	

(continued on page 32)

BANK OF FINLAND

Mill. mk

	1979		1980			
	July 31	Dec. 31	July 8	July 15	July 23	July 31
Assets						
Gold and foreign exchange receivables	6 637	4 860	8 055	8 349	8 469	8 190
Gold ¹	169	1 073	1 073	1 073	1 073	1 073
Special drawing rights	458	430	570	570	570	570
IMF reserve tranche	236	225	225	225	225	225
Foreign bonds ²	—	—	2 034	2 082	2 058	2 049
Convertible currencies	5 004	2 978	4 080	4 322	4 464	4 191
Tied currencies	770	154	73	77	79	82
Other foreign receivables	2 796	2 803	1 054	1 054	1 054	1 054
Foreign bonds ²	1 690	1 749	—	—	—	—
Mark subscription to Finland's IMF quota	1 106	1 054	1 054	1 054	1 054	1 054
Receivables from financial institutions	1 716	4 538	5 276	6 177	5 030	4 423
Banks' cheque accounts	380	233	930	923	894	919
Call money market advances	935	3 870	3 912	4 812	3 688	3 047
Bonds	369	408	397	400	406	408
Other financial institution receivables	32	27	37	42	42	49
Receivables from the public sector	853	884	1 262	1 276	1 279	1 285
Government promissory notes	346	346	700	700	700	700
Bonds	135	145	171	185	191	196
Total coinage	364	372	386	386	386	386
Other public sector receivables	8	21	5	5	2	3
Receivables from corporations	2 230	2 520	2 779	2 894	2 971	2 985
Financing of exports	1 025	1 230	1 222	1 255	1 303	1 299
Financing of domestic deliveries	859	952	1 236	1 314	1 344	1 362
Bonds	207	205	186	186	186	186
Other corporate receivables	139	133	135	139	138	138
Other assets	69	73	76	76	76	76
Total	14 301	15 678	18 502	19 826	18 879	18 013
Liabilities						
Foreign exchange liabilities	20	846	2 171	1 964	1 880	1 912
Convertible accounts	20	14	36	38	36	43
Tied accounts	0	832	2 135	1 926	1 844	1 869
Other foreign liabilities	2 077	1 818	1 931	1 931	1 931	1 931
IMF mark accounts	1 623	1 385	1 365	1 365	1 365	1 365
Allocations of special drawing rights	454	433	566	566	566	566
Notes and coins in circulation	4 025	4 375	4 475	4 490	4 424	4 466
Notes	3 690	4 020	4 117	4 130	4 063	4 104
Coins	335	355	358	360	361	362
Deposit certificates in circulation	3 378	1 700	2 840	3 340	3 340	1 940
Claims of financial institutions	1 704	3 043	2 743	3 767	3 009	3 440
Banks' cheque accounts	4	4	1	1	2	4
Call money market deposits	1 104	1 131	—	870	115	475
Cash reserve deposits	482	1 764	2 591	2 588	2 588	2 649
Capital import deposits	111	140	132	298	288	292
Other financial institution claims	3	4	19	10	16	20
Claims of the public sector	373	387	43	43	43	43
Cheque accounts	1	2	0	0	1	1
Counter-cyclical reserves	40	42	42	42	42	42
Capital import deposits	332	339	—	—	—	—
Other public sector claims	0	4	1	1	0	0
Claims of corporations	401	403	843	843	842	862
Deposits for investment and ship purchase	117	133	516	516	516	530
Capital import deposits	282	254	319	320	319	323
Export deposits	—	—	—	—	—	2
Import levy deposits	1	2	—	—	—	—
Other corporate claims	1	14	8	7	7	7
Other liabilities	14	13	17	15	14	15
Equalization accounts	126	1 252	1 498	1 478	1 432	1 432
Capital accounts	2 183	1 841	1 941	1 955	1 964	1 972
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	636	636	441	441	441	441
Undisposed profits	92	—	—	—	—	—
Net earnings	55	—195	100	114	123	131
Total	14 301	15 678	18 502	19 826	18 879	18 013

¹ As of Dec. 31, 1979 gold is valued at Fmk 35 per gramme.

² As of January 1, 1980 foreign bonds are included in Gold and foreign exchange receivables.

End of year or month	Foreign sector ¹						Public sector			Deposit certificates in circulation	
	Gold ² , SDR, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities		Net liabilities (9-8)
	1	2	3	4	5	6	7	8	9	10	11
1974	675	341	1 047	2 063	-388	-6	1 669	302	560	258	1 040
1975	399	204	1 011	1 614	368	-315	1 667	339	1 301	962	250
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	-
1977	337	543	1 212	2 092	496	-2 031	557	391	328	- 63	200
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1979											
July	863	1 690	4 984	7 537	770	-971	7 336	853	373	-480	3 378
Aug.	853	1 865	5 644	8 362	504	-793	8 073	848	374	-474	3 378
Sept.	853	2 001	4 181	7 035	186	-793	6 428	859	364	-495	2 390
Oct.	858	1 860	3 316	6 034	-157	-793	5 084	866	388	-478	2 390
Nov.	855	1 783	2 582	5 220	-505	-793	3 922	867	381	-486	2 040
Dec.	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980											
Jan.	1 861	1 829	3 463	7 153	-462	-897	5 794	1 254	68	-1 186	2 200
Feb.	1 864	2 020	3 670	7 554	-700	-897	5 957	1 265	60	-1 205	2 740
March	1 874	1 972	3 330	7 176	-1 316	-897	4 963	1 280	63	-1 217	3 340
April	1 874	1 976	3 325	7 175	-1 432	-897	4 846	1 267	53	-1 214	2 940
May	1 868	1 976	3 510	7 354	-1 946	-877	4 531	1 264	45	-1 219	2 490
June	1 868	2 017	3 912	7 797	-1 996	-877	4 924	1 257	43	-1 214	2 640
July	1 868	2 049	4 148	8 065	-1 787	-877	5 401	1 285	43	-1 242	1 940

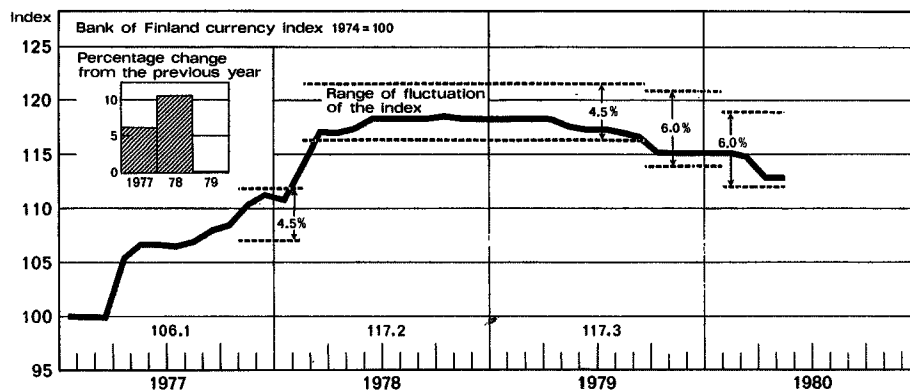
FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1979			Net holdings, June 30, 1980 ¹			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	June	Jan.-June
Gold ²		1 073	—	1 073	1 073	—	1 073	—
Special drawing rights		430	—	430	570	—	570	+140
IMF reserve tranche		225	—	225	225	—	225	—
Foreign bonds		—	—	—	2 017	—	2 017	+41
Convertible currencies		2 964	-3 223	-259	3 912	-5 325	-1 413	-485
Total		4 692	-3 223	1 469	7 797	-5 325	2 472	-444
Tied currencies		-678	-30	-708	-1 996	-41	-2 037	-25
Grand total		4 014	-3 253	761	5 801	-5 366	435	-469

¹ New series, see item Bulletin 2/1980. ² As of Dec. 31, 1979 gold is valued at Fmk 35 per gramme.

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and redis-counted bills	Cheque account receiv-ables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receiv-ables (1+2+3-4-5-6)	Permanent special financing schemes	Liabili-ties, net	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1974	3 034	110	—	—	—	-261	3 405	631	195	436	2 462
1975	3 385	130	372	95	—	-343	4 135	933	539	394	2 855
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1979											
July	—	376	935	1 104	482	-287	12	1 884	55	1 829	4 025
Aug.	—	330	392	1 038	730	-276	-770	1 909	60	1 849	4 022
Sept.	—	119	1 919	1 334	989	-312	27	1 923	144	1 779	4 072
Oct.	—	232	2 894	1 058	1 232	-284	1 120	2 173	150	2 023	3 963
Nov.	—	192	3 735	836	1 496	-262	1 857	2 233	107	2 126	4 156
Dec.	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980											
Jan.	—	375	2 989	1 376	2 095	-295	188	2 224	62	2 162	4 047
Feb.	—	910	3 005	1 370	2 123	-315	737	2 317	149	2 168	4 233
March	—	836	4 155	592	2 267	-307	2 439	2 305	234	2 071	4 163
April	—	1 032	3 950	519	2 396	-224	2 291	2 388	247	2 141	4 281
May	—	978	3 981	245	2 562	-272	2 424	2 333	273	2 060	4 389
June	—	876	4 433	502	2 591	-285	2 501	2 409	471	1 938	4 572
July	—	915	3 047	475	2 649	-145	983	2 661	538	2 123	4 466



MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks ³ mill. mk	Cash reserve deposits of the commercial banks ³ mill. mk	Bank of Finland placements in the call money market, mill. mk	Basic discount rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9	10
1973	2 042	1 819	1 333	—	—	—	8.50	—	9.99	8.65
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03

1979

July	1 257	—180	200	243	212	—388	7.25	8.31	7.68	7.84
Aug.	784	—208	200	490	427	—407	7.25	8.36	7.61	7.83
Sept.	1 427	395	200	756	658	198	7.25	8.68	8.03	7.85
Oct.	2 905	1 216	200	997	868	1 018	7.25	9.13	8.50	7.85
Nov.	3 760	2 512	200	1 241	1 078	2 298	8.50	12.87	11.94	8.98
Dec.	4 603	3 350	200	1 505	1 316	3 151	8.50	13.53	12.76	9.06

1980

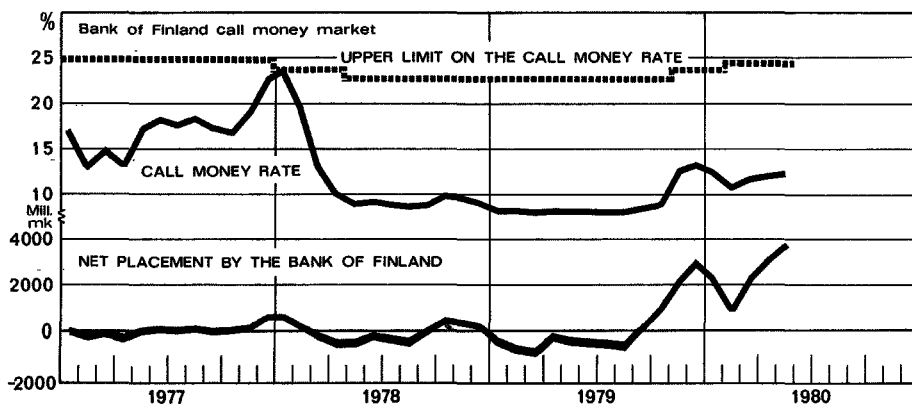
Jan.	4 471	2 627	200	1 775	1 553	2 399	8.50	12.70	11.79	9.08
Feb.	4 094	2 066	1 000	2 092	1 829	1 068	9.25	11.14	10.18	9.77
March	4 580	3 380	1 000	2 128	1 857	2 381	9.25	11.97	11.19	9.82
April	5 156	4 204	1 000	2 271	1 987	3 204	9.25	12.36	11.62	9.85
May	5 216	4 802	1 000	2 406	2 104	3 802	9.25	12.49	12.01	9.84
June	5 734	5 130	900	2 561	2 233	4 231	9.25	12.50	12.50	..
July	4 984	4 547	900	2 591	2 261	3 648	9.25	12.50

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

³ See Bulletin April, 1979, page 1.

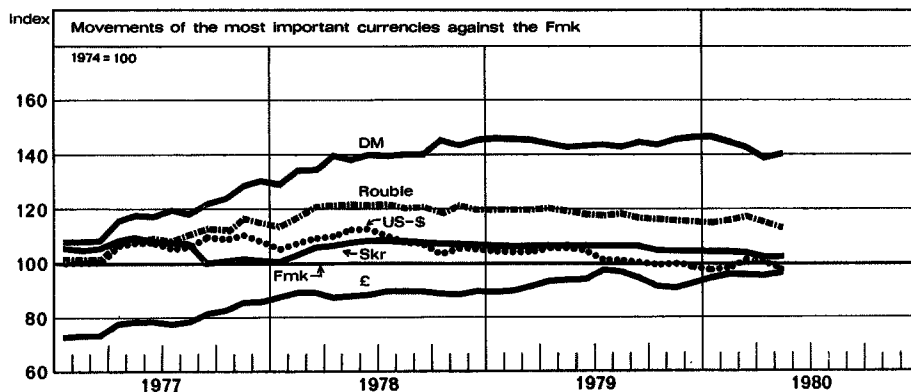


FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 Cl Rbl SUR	Currency Index 1974=100
	1	2	3	4	5	6	7	8	9	10
1973	3.816	9.355	87.76	66.64	63.47	144.34	121.22	86.10	5.159	102.5
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1979	3.896	8.275	91.12	77.22	74.38	212.75	234.36	91.88	5.941	117.3
1979										
July	3.851	8.716	91.52	76.66	73.75	211.37	234.03	91.04	5.915	117.5
Aug.	3.845	8.620	91.34	76.71	73.25	210.34	232.22	90.59	5.942	117.2
Sept.	3.821	8.415	91.38	76.95	73.85	212.88	236.64	91.23	5.858	116.9
Oct.	3.780	8.132	90.09	76.39	72.57	211.60	232.68	90.46	5.845	115.4
Nov.	3.794	8.097	90.03	75.82	72.41	213.96	230.42	91.43	5.828	115.4
Dec.	3.735	8.233	89.67	75.39	69.89	215.60	233.65	92.22	5.798	115.4
1980										
Jan.	3.703	8.396	89.55	75.69	69.07	214.92	232.60	92.00	5.788	115.4
Feb.	3.724	8.546	89.58	76.56	68.59	213.33	227.68	91.24	5.818	115.4
March	3.858	8.533	89.13	76.75	67.23	209.01	219.46	89.87	5.896	115.0
April	3.828	8.482	87.85	75.78	65.85	204.42	218.11	88.39	5.791	113.1
May	3.699	8.541	88.07	75.65	66.35	206.72	222.71	88.80	5.689	113.1
June	3.653	8.553	87.92	75.54	66.83	206.83	223.78	89.13	5.675	113.1
July	3.620	8.603	87.98	75.43	67.20	207.36	225.50	89.59	5.654	113.1

See explanations on page 22.



DEPOSITS BY THE PUBLIC

Mill. mk

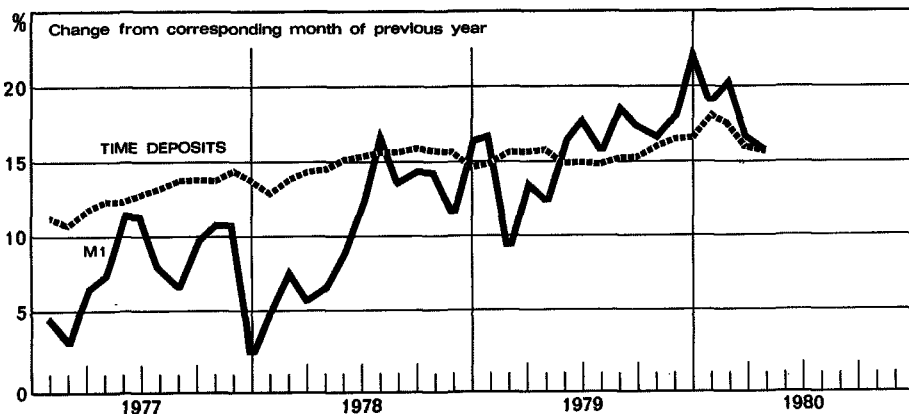
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All depos- it banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All depos- it banks	
	1	2	3	4	5	6	7	8	9	10
1976	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	36 608	43 372
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1979

Feb.	3 544	1 629	2 081	7 254	17 267	15 045	11 716	5 004	49 032	56 286
March	3 717	1 589	2 108	7 414	17 521	15 231	11 803	5 085	49 640	57 054
April	3 837	1 670	1 995	7 502	17 816	15 405	11 966	5 112	50 299	57 801
May	4 244	1 777	2 271	8 292	17 692	15 584	12 140	5 140	50 556	58 848
June	4 373	1 842	2 678	8 893	17 978	15 932	12 330	5 176	51 416	60 309
July	4 160	1 944	2 700	8 804	18 189	16 153	12 481	5 253	52 076	60 880
Aug.	4 195	1 969	2 747	8 911	18 389	16 390	12 698	5 304	52 781	61 692
Sept.	3 900	2 053	2 818	8 771	18 441	16 447	12 716	5 350	52 954	61 725
Oct.	4 232	2 111	2 493	8 836	18 877	16 556	12 852	5 403	53 688	62 524
Nov.	4 316	2 078	2 486	8 880	19 315	16 832	13 059	5 469	54 675	63 555
Dec.	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1980

Jan.	4 688	1 983	2 778	9 449	19 964	17 501	13 683	5 685	56 833	66 282
Feb.	4 009	1 903	2 697	8 609	20 150	17 787	13 983	5 772	57 692	66 301
March	4 187	1 930	2 767	8 884	20 061	17 789	13 874	5 910	57 634	66 518
April	4 173	1 975	2 977	9 125	20 335	18 039	14 137	5 722	58 233	67 358



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

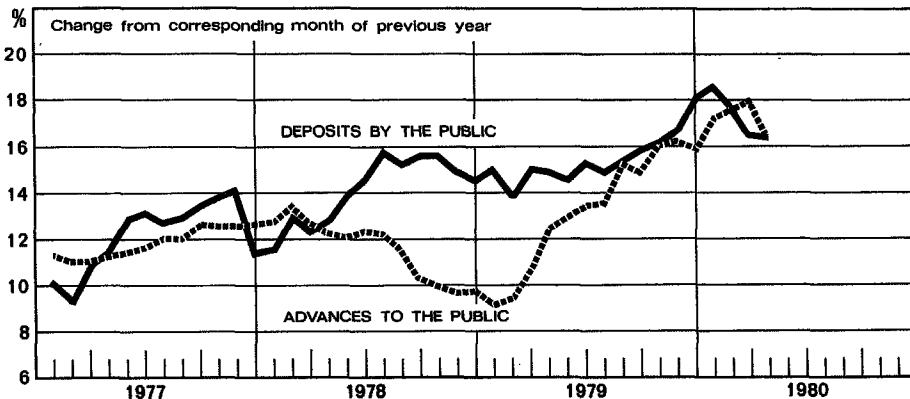
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ +Quasi- Money
	1	2	3	4	5	6	7		8	9
1976	22 077	10 615	9 247	6 120	42 617	1 569	3 873	48 059	9 601	47 014
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1979

Feb.	26 735	14 373	12 348	7 160	53 558	1 876	5 182	60 616	11 102	61 615
March	27 186	14 446	12 446	7 196	53 701	1 805	5 768	61 274	11 442	62 463
April	28 170	14 598	12 548	7 342	54 374	1 816	6 468	62 658	11 557	63 183
May	28 384	14 826	12 747	7 423	55 035	1 761	6 584	63 380	12 435	64 350
June	28 860	14 991	12 940	7 631	55 528	1 781	7 113	64 422	13 269	65 833
July	28 758	15 224	13 124	7 603	56 256	1 839	6 614	64 709	13 161	66 293
Aug.	29 072	15 489	13 372	7 803	57 002	1 798	6 936	65 736	13 274	67 140
Sept.	28 923	15 732	13 595	7 848	57 931	1 914	6 253	66 098	13 008	67 117
Oct.	29 456	16 040	13 796	7 987	59 330	1 928	6 021	67 279	13 003	67 919
Nov.	29 764	16 306	14 056	8 039	60 234	2 031	5 900	68 165	13 131	69 012
Dec.	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1980

Jan.	30 524	16 754	14 395	8 399	61 745	2 158	6 169	70 072	13 767	71 810
Feb.	31 247	16 960	14 525	8 618	62 648	2 378	6 324	71 350	13 389	72 421
March	31 902	17 114	14 640	8 720	63 256	2 584	6 536	72 376	13 354	72 405
April	32 196	17 310	14 820	8 764	64 070	2 479	6 541	73 090	13 396	73 240



STATE FINANCES

Mill. mk

Revenue	Jan.—April		Expenditure	Jan.—April	
	1979	1980		1979	1980
Income and wealth tax (net)	3 178	3 880	Wages, salaries, pensions etc.	2 184	2 384
Gross receipts	9 713	11 247	Repair and maintenance	243	266
Refunds & local authorities	(—6 535)	(—7 367)	Other consumption expenditure	1 166	1 487
Other taxes on income and wealth	106	151	Total consumption expenditure	3 593	4 137
Employers' child allowance payments	230	36	State aid to local authorities	2 670	2 994
Sales tax	3 176	3 632	State aid to industries	1 985	2 372
Customs duties and import charges and levies	345	457	of which: agric. price subsidies	(993)	(1 068)
Excise duties	2 295	2 537	Child allowances	286	348
Excise duty on alcoholic beverages	690	769	Share in national pensions and sickness insurance schemes	109	163
Excise duty on tobacco	280	357	Other transfer expenditure	1 752	1 907
Excise duty on liquid fuel	709	805	Total transfer expenditure	6 802	7 784
Other excise duties	616	606	Machinery and equipment	491	439
Tax on autom. and motor-cycles	413	513	Construction of buildings	202	223
Stamp duties	266	322	Land and waterway construction	481	577
Special diesel etc. vehicles tax	51	60	Total real investment	1 174	1 239
Other taxes and similar revenue	278	257	Interest on State debt	224	323
Total taxes	10 338	11 845	Net deficit of State enterprises	—225	—185
Miscellaneous revenue	952	1 253	Other expenditure	16	3
Interest, dividends etc.	202	239	Total other expenditure	15	141
Redemptions of loans granted	115	138	Increase in inventories	—115	—113
Total revenue	11 607	13 475	Lending	740	937
Foreign borrowing	1 146	1 054	Other financial investment	119	142
Domestic borrowing	972	1 289	Total expenditure	12 328	14 267
Total borrowing	2 118	2 343	Redemption of foreign loans	50	86
Deficit (+) or surplus (—)	—876	—1 060	Redemption of domestic loans	471	405
Total	12 849	14 758	Total redemptions	521	491
			Total	12 849	14 758

State debt	1978	1979	1980			
	Dec.	Dec.	Jan.	Feb.	March	April
Foreign debt	7 360	8 964	8 894	9 055	9 514	9 522
Loans	4 607	6 050	6 231	6 185	6 408	6 499
Compensatory obligations	1	—	—	—	—	—
Short-term credit	259	204	193	171	161	133
Cash debt (net)	—735	—596	—946	—110	—970	—449
Domestic debt	4 132	5 658	5 478	6 246	5 599	6 183
Total State debt	11 492	14 622	14 372	15 301	15 113	15 705
Total debt mill \$	2 859	3 915	3 881	4 109	3 917	4 246

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1975	20 247	28 002	-7 755
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792

1979

May	4 008	3 653	+355
June	3 494	3 333	+161
July	3 523	3 788	-265
Aug.	3 363	3 857	-494
Sept	3 355	3 865	-510
Oct.	4 375	4 298	+77
Nov.	4 382	4 398	-16
Dec.	3 845	4 749	-904

1980*

Jan.	4 245	4 940	-695
Feb.	3 795	4 232	-437
March	4 736	4 404	+332
April	3 789	4 481	-692
May	4 167	3 626	+541

Jan.-May

1979*	17 093	15 933	+1 160
1980*	20 732	21 683	- 951

Indices of exports and imports
1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1975	100	100	100	
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89

1977

Oct.-Dec.	143	93	125	131	95
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1978

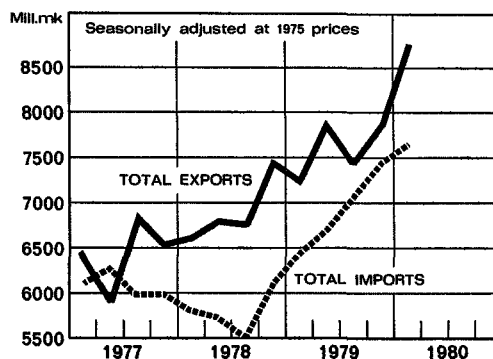
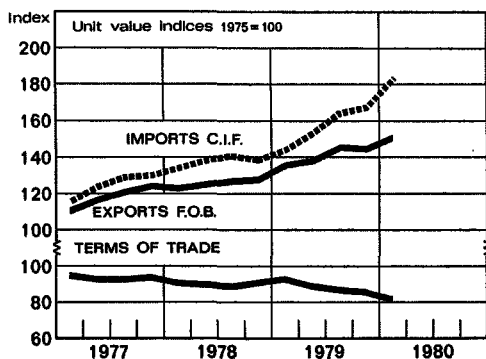
Jan.-March	124	78	124	135	92
Apr.-June	136	83	126	139	91
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92

1979*

Jan.-March	140	90	137	145	94
Apr.-June	154	94	140	154	91
July-Sept.	138	100	147	164	90
Oct.-Dec.	171	113	146	170	86

1980 *

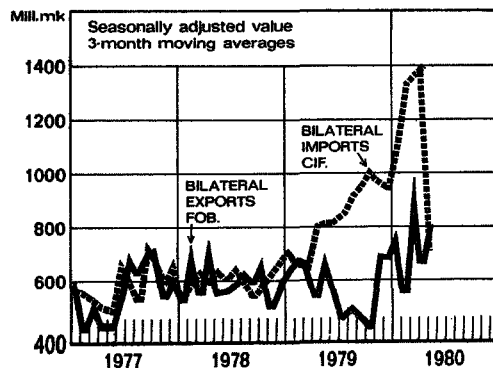
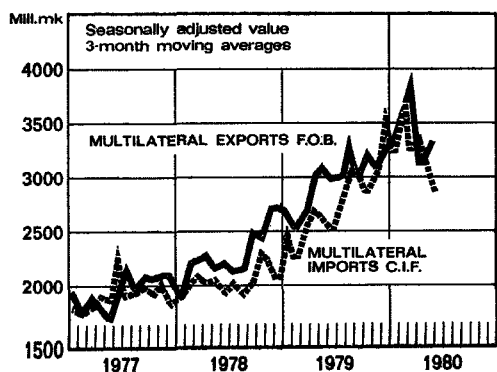
Jan.-March	166	105	152	184	83
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FOREIGN TRADE BY MAIN GROUPS

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	
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91
1979										
May	187	590	1 148	923	1 160	2 331	275	434	612	1
June	47	599	1 010	815	1 023	2 205	319	366	433	10
July	59	557	1 034	891	982	2 319	523	463	467	16
Aug.	58	514	1 151	639	1 001	2 529	429	424	471	4
Sept.	52	495	949	833	1 026	2 469	385	472	497	42
Oct.	56	577	1 308	1 093	1 341	2 910	364	474	548	2
Nov.	151	624	1 191	1 115	1 301	2 896	338	592	568	4
Dec.	199	554	1 158	821	1 113	3 427	276	526	516	4
1980*										
Jan.	285	601	1 203	751	1 405	3 157	431	652	681	19
Feb.	40	566	1 170	829	1 190	2 809	200	534	632	57
March	247	554	1 270	1 087	1 578	2 918	190	593	702	1
April	39	542	1 007	966	1 235	2 959	150	619	751	2
May	168	660	1 358	770	1 211	2 395	196	514	518	3
Jan.-May										
1979*	744	2 153	5 191	4 135	4 870	10 121	767	2 403	2 633	9
1980*	779	2 923	6 008	4 403	6 619	14 238	1 167	2 912	3 284	82



FOREIGN TRADE BY COUNTRIES¹

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January—May				January—May			
	1979		1980*		1979		1980*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	65.7	11 231	68.0	14 088	62.0	9 883	55.9	12 118
Austria	0.6	111	0.8	160	1.4	221	1.3	279
Belgium and Luxembourg	1.5	248	1.6	323	2.1	329	2.0	431
Denmark	3.9	656	3.5	726	2.7	435	2.4	523
France	4.6	793	4.9	1 025	3.8	610	3.4	749
Federal Republic of Germany	11.6	1 977	12.0	2 482	14.5	2 305	13.4	2 915
Italy	2.2	375	2.5	512	2.6	415	2.7	586
Netherlands	3.8	655	5.2	1 070	2.9	467	2.8	601
Norway	5.0	859	4.1	852	2.7	425	2.0	440
Portugal	0.2	34	0.4	90	0.5	85	0.6	125
Spain	0.9	159	0.8	170	1.1	169	1.1	233
Sweden	15.5	2 653	17.1	3 543	15.7	2 498	12.7	2 760
Switzerland	2.0	350	1.9	401	2.1	338	1.7	358
United Kingdom	12.4	2 114	11.8	2 437	9.3	1 487	9.3	2 009
Other	1.5	247	1.4	297	0.6	99	0.5	109
OECD countries outside Europe	7.6	1 294	5.6	1 172	9.5	1 510	10.6	2 300
Canada	0.6	108	0.6	131	0.7	107	0.9	184
Japan	1.4	236	0.8	160	3.3	534	3.5	765
United States	4.7	800	3.3	691	5.3	838	6.1	1 320
Other	0.9	150	0.9	190	0.2	31	0.1	31
CMEA countries	17.4	2 980	16.3	3 383	20.4	3 248	23.8	5 159
Czechoslovakia	0.3	47	0.3	58	0.6	90	0.6	131
German Democratic Republic	0.5	93	0.7	146	0.7	103	0.6	127
Poland	0.5	80	0.8	163	1.2	198	1.6	351
Soviet Union	15.1	2 590	13.6	2 820	17.1	2 726	20.1	4 360
Other	1.0	170	0.9	196	0.8	131	0.9	190
Latin America	1.5	239	1.5	316	4.0	631	3.6	770
Argentina	0.2	42	0.4	77	0.3	41	0.2	38
Brazil	0.5	79	0.4	87	1.0	164	0.9	186
Colombia	0.1	19	0.1	31	1.1	178	1.1	241
Other	0.7	99	0.6	121	1.6	248	1.4	305
Other	7.8	1 349	8.6	1 773	4.1	661	6.1	1 336
GRAND TOTAL	100.0	17 093	100.0	20 732	100.0	15 933	100.0	21 683
of which								
EFTA countries	23.6	4 033	24.5	5 084	22.6	3 594	18.5	4 004
EEC countries	40.6	6 938	42.1	8 719	38.2	6 085	36.2	7 859
OECD countries	73.3	12 522	73.6	15 260	71.5	11 393	66.5	14 418

¹ New series. See explanations on page 22.

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	Un- requited transfers net	Current account
1975	20 185	27 939	-7 754	+994	+105	+247	-6 408	-1 415	-129	-7 952
1976	24 379	28 472	-4 093	+1 223	+22	+314	-2 534	-1 749	-172	-4 455
1977	30 767	30 625	+142	+1 414	-3	+499	+2 052	-2 434	-198	-580
1978	35 024	32 243	+2 781	+1 683	+166	+1 004	+5 634	-2 853	-211	+2 570
1979*	43 227	44 073	-846	+2 384	+174	+556	+2 268	-2 985	-386	-1 103

1977

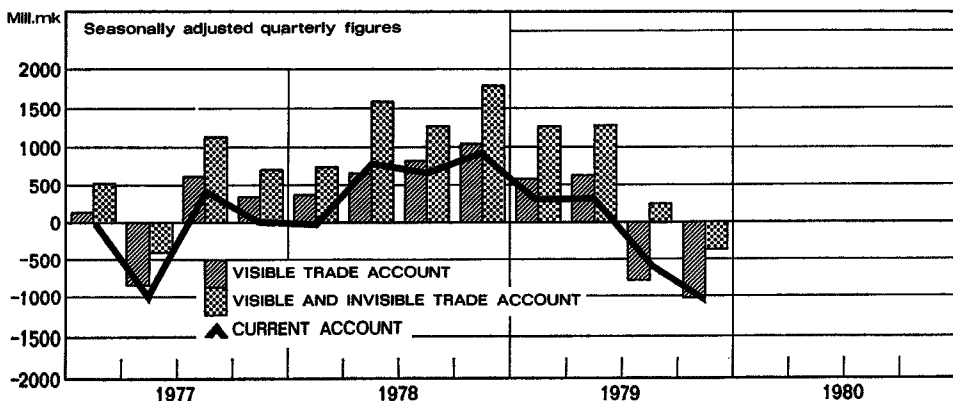
Jan.-March	6 959	6 765	+194	+355	-80	+103	+572	-506	-65	+1
Apr.-June	6 816	7 689	-873	+301	+10	+72	-490	-726	-32	-1 248
July-Sept.	7 932	7 671	+261	+386	+118	+202	+967	-532	-50	+385
Oct.-Dec.	9 060	8 500	+560	+372	-51	+122	+1 003	-670	-51	+282

1978

Jan.-March	7 745	7 357	+388	+378	-66	+222	+922	-613	-80	+229
Apr.-June	8 614	8 004	+610	+403	+11	+263	+1 287	-820	-40	+427
July-Sept.	8 271	7 816	+455	+415	+222	+186	+1 278	-644	-42	+592
Oct.-Dec.	10 394	9 066	+1 328	+487	-1	+333	+2 147	-776	-49	+1 322

1979*

Jan.-March	9 674	9 066	+608	+483	-105	+344	+1 330	-686	-193	+451
Apr.-June	10 818	10 085	+733	+619	+21	-15	+1 358	-1 003	-80	+275
July-Sept.	10 193	11 463	-1 270	+603	+259	+133	-275	-711	-40	-1 026
Oct.-Dec.	12 542	13 459	-917	+679	-1	+94	-145	-585	-73	-803

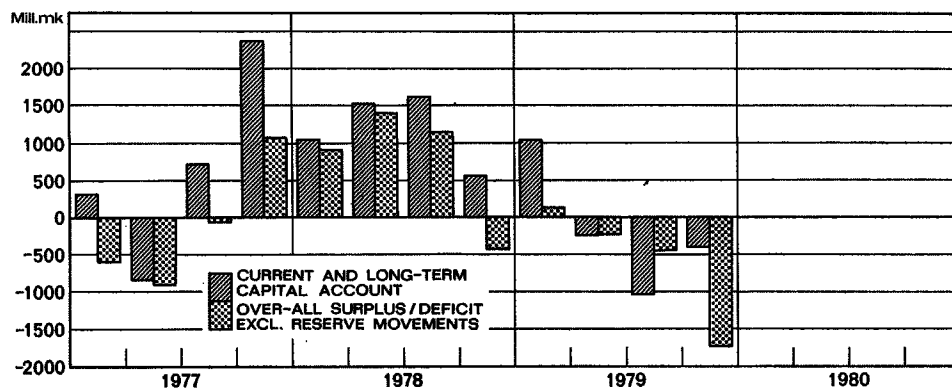


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+6 729	-1 445	-214	+62	+5 132	-2 820	+638	+1 449	-14	-747	-444	+1 191
+6 130	-1 785	-191	+48	+4 202	-253	+138	-1 288	+1 275	-128	+78	+50
+6 454	-2 745	-241	-229	+3 239	+2 659	-1 547	-470	-1 131	-489	-170	+659
+9 007	-5 743	-774	-229	+2 261	+4 831	+130	-2 188	+267	+3 040	-2 339	-701
+6 230	-4 843	-541	-455	+391	-712	+582	-834	-1 336 ²	-2 300	+877	+1 423
+1 022	-550	-127	-24	+321	+322	-799	+149	-277	-605	-140	+745
+1 273	-857	+35	-37	+414	-834	-333	+149	+112	-906	+358	+548
+1 252	-647	-156	-89	+360	+745	+227	-384	-643	-55	-319	+374
+2 907	-691	+7	-79	+2 144	+2 426	-642	-384	-323	+1 077	-69	-1 008
+1 876	-854	-166	-17	+839	+1 068	-479	-402	+737	+924	-1 556	+632
+2 900	-1 733	-1	-51	+1 115	+1 542	+328	-402	-68	+1 400	-687	-713
+2 265	-1 089	-96	-39	+1 041	+1 633	+20	-692	+183	+1 144	-607	-537
+1 966	-2 067	-511	-122	-734	+588	+261	-692	-585	-428	+511	-83
+2 202	-1 626	-8	+50	+618	+1 069	-46	-63	-833 ²	+127	-913	+786
+1 267	-1 453	-218	-174	-578	-303	-34	-62	+163	-236	-1 760	+1 996
+1 258	-892	-336	-105	-75	-1 101	+387	-354	+612	-456	+1 455	-999
+1 503	-872	+21	-226	+426	-377	+275	-355	-1 278	-1 735	+2 095	-360

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 139 million.



FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1976	1 969	1 342	479	3 790	17 484	4 571	1 497	169	23 721	19 931
1977	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675

1977

March	2 094	1 312	489	3 895	17 598	4 974	1 632	163	24 367	20 472
June	2 175	1 404	508	4 087	19 150	5 483	1 708	156	26 497	22 410
Sept.	2 238	1 499	713	4 450	20 364	5 509	1 700	156	27 729	23 279
Dec.	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741

1978

March	2 499	1 673	840	5 012	25 107	6 068	1 774	159	33 108	28 096
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660

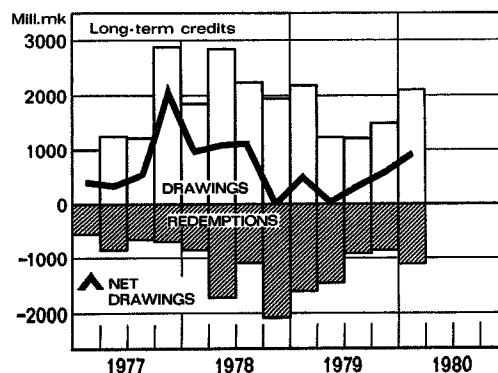
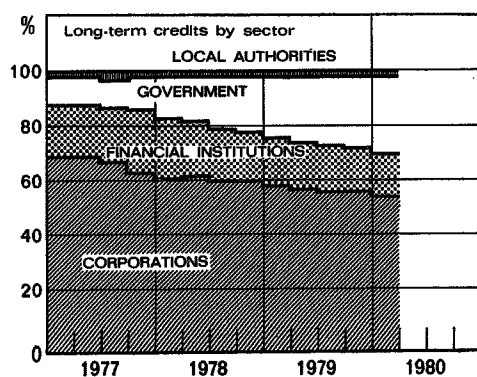
1979*

March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675

1980*

March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
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See explanations on page 22.

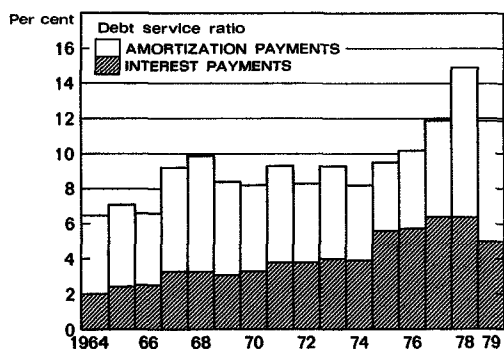
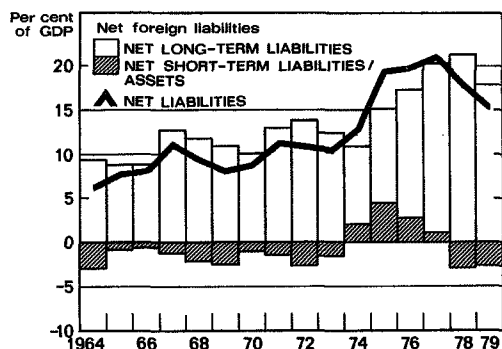


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10 + 19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
3 630	3 087	5 676	12 393	1 201	4 812	9 486	15 499	3 106	23 037	3 103	1 354
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	4 516	2 082
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	6 622	3 769
7 918	6 504	9 129	23 551	2 340	9 333	7 566	19 239	-4 312	24 363	6 457	3 472
3 798	2 641	5 690	12 129	1 187	4 997	8 779	14 963	2 834	23 306	778	272
3 686	2 504	5 703	11 893	1 295	5 444	8 606	15 345	3 452	25 862	1 418	692
4 042	2 984	6 076	13 102	1 406	6 382	8 905	16 693	3 591	26 870	1 114	582
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	1 206	536
5 491	3 409	7 233	16 133	1 293	6 594	7 559	15 446	-687	27 409	1 392	779
6 748	4 097	7 456	18 301	1 772	6 610	7 751	16 133	-2 168	27 621	1 493	673
7 003	4 412	7 779	19 194	1 483	6 264	7 419	15 166	-4 028	26 850	1 628	984
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	2 109	1 333
7 804	4 072	8 289	20 165	1 611	6 692	7 305	15 608	-4 557	25 405	1 970	1 284
9 871	3 939	8 482	22 292	1 604	8 404	7 376	17 384	-4 908	23 879	2 085	1 082
8 601	4 141	8 788	21 530	1 579	7 620	7 673	16 872	-4 658	23 473	1 315	604
7 918	6 504	9 129	23 551	2 340	9 333	7 566	19 239	-4 312	24 363	1 087	502

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975=100 ¹						Building costs 1973 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1978	727	125.8	124.1	131.8	119.2	140.3	129.5	180.8	161.0	186.0
1979	791	138.0	135.0	148.7	133.1	150.7	139.2	198.8	177.6	204.1
1979										
Sept.	813	142.1	138.3	155.1	138.2	153.9	141.4	203.5	179.1	210.3
Oct.	822	143.6	139.9	156.8	139.8	155.5	142.9	205.0	179.1	212.4
Nov.	829	145.0	141.2	158.3	141.5	156.1	143.9	206.0	179.1	214.0
Dec.	834	145.7	141.8	159.6	142.4	156.4	144.7	208.3	181.0	216.2
1980										
Jan.	849	148.3	144.3	162.4	145.6	158.4	146.2	212.0	182.1	220.0
Feb.	859	150.2	146.3	163.8	147.3	161.0	148.2	214.0	182.1	222.9
March	882	154.1	150.1	168.1	153.1	161.5	150.1	216.1	182.6	225.8
April	899	157.2	152.4	173.9	157.6	162.7	151.3	218.8	182.6	229.0
May	912	159.4	154.9	175.3	159.9	165.5	153.1	224.6	194.5	232.1
June	919	160.7	156.0	177.0	160.6	167.1	155.5	226.3	194.5	234.2

¹ New series, see item Bulletin 10/1979.

Period	Consumer prices 1977 = 100 ¹										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4
1979											
Sept.	117.7	109.8	129.5	118.4	115.1	120.5	116.3	124.9	123.4	116.8	119.4
Oct.	118.4	111.2	129.5	120.8	115.1	121.0	118.9	124.7	123.2	117.0	120.6
Nov.	119.3	112.3	129.4	122.8	115.6	121.4	119.4	126.9	123.3	117.8	123.0
Dec.	119.9	112.1	129.6	123.0	115.6	124.1	119.7	126.9	126.0	118.0	123.4
1980											
Jan.	121.3	113.3	138.6	121.1	115.6	124.7	122.2	131.1	126.3	118.8	125.6
Feb.	123.1	114.4	138.6	123.8	116.0	130.5	122.9	133.2	130.6	119.2	127.8
March	124.3	115.4	138.6	126.0	116.0	133.6	123.6	133.4	134.3	119.3	128.6
April	126.7	120.3	139.2	131.4	116.0	133.9	125.8	134.7	135.7	122.7	129.8
May	128.1	122.4	139.3	131.9	118.1	142.7	126.1	134.8	136.9	123.3	130.1
June	128.6	122.6	139.4	131.8	118.1	143.3	127.0	136.3	137.4	123.6	132.3

¹ New series.

WAGES

Index of wage and salary earnings 1975 = 100¹

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							
1978	146.3	137.0	123.2	131.8	131.5	128.0	135.1	132.9	134.4	133.6
1979*	162.1	151.6	134.1	149.0	145.6	141.7	150.8	148.4	149.2	148.8
1978										
Oct.-Dec.	152.4	143.1	127.8	138.2	137.1	133.6	140.8	138.7	139.9	139.3
1979*										
Jan.-March	155.8	147.3	130.6	144.8	142.1	138.8	146.2	144.9	144.3	144.6
Apr.-June	159.8	153.1	135.0	148.4	145.8	142.0	150.9	147.8	150.1	148.9
July-Sept.	162.6	151.3	133.4	149.2	145.9	141.7	151.3	148.9	149.4	149.1
Oct.-Dec.	163.8	154.6	137.5	153.5	148.5	144.3	154.9	152.1	152.9	152.5
1980*										
Jan.-March	172.3	159.9	139.2	157.6	152.4	148.1	158.8	156.0	156.9	156.4

¹ New series, see item Bulletin 1/1980.

PRODUCTION

Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1978*										
Jan.-March	100	106	70	122	77	87	91	83	115	104
Apr.-June	102	107	80	110	79	90	101	92	115	108
July-Sept.	97	90	148	62	99	86	102	91	115	104
Oct.-Dec.	109	111	71	149	104	88	112	101	117	109
1979*										
Jan.-March	106	116	74	148	72	85	99	88	118	107
Apr.-June	109	113	80	175	72	90	111	100	118	112
July-Sept.	104	100	145	75	95	87	113	99	118	107
Oct.-Dec.	117	120	68	162	115	91	126	108	120	113
1980*										
Jan.-March	111	124	69	152	78	87	109	95	121	110

PRODUCTION

Index of industrial production 1975 = 100¹

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 industries	Non-metallic mineral industry	Metal industry	
1976	101.2	100.9	101.6	100.3	96.6	112.1	105.5	103.7	93.2	99.9	101.3
1977	101.8	93.6	104.4	100.9	96.3	119.0	104.6	101.0	94.7	98.7	101.9
1978	105.3	90.1	109.8	104.2	102.4	127.4	114.4	108.0	93.2	97.2	105.4
1979*	113.8	94.9	119.6	111.7	109.2	146.2	129.4	118.5	102.2	103.0	114.0

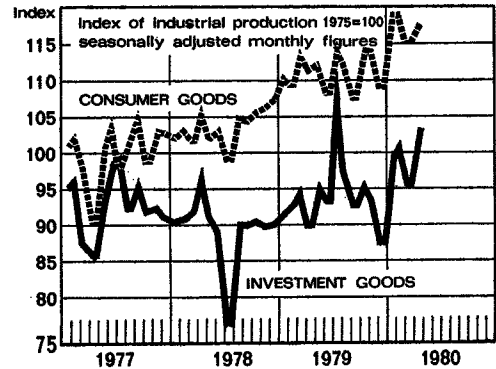
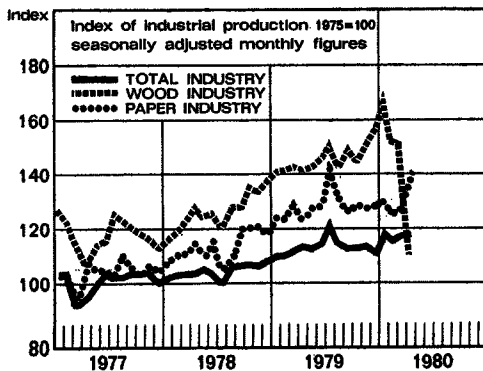
1979*

April	110.3	88.8	115.7	110.7	104.5	154.1	117.0	117.2	96.9	98.5	114.1
May	124.0	105.3	130.6	119.9	115.4	187.7	136.2	134.3	113.9	115.7	113.5
June	107.4	94.1	111.8	105.2	105.2	163.1	103.5	108.8	110.4	101.6	115.3
July	70.2	45.0	79.5	64.2	98.9	73.2	118.0	71.8	68.3	46.0	123.1
Aug.	118.6	99.7	123.8	117.8	117.7	134.8	137.1	127.6	116.2	108.0	114.9
Sept.	115.1	97.2	121.3	111.8	110.1	149.6	136.8	116.3	111.4	105.2	113.4
Oct.	129.4	113.3	134.5	127.3	132.6	165.2	144.9	129.5	125.3	121.2	113.4
Nov.	129.3	112.3	134.1	128.5	128.1	162.8	139.6	134.1	118.3	119.8	114.2
Dec.	108.3	86.8	114.1	108.0	99.2	132.1	121.4	101.3	82.2	95.7	112.0

1980*

Jan.	127.1	108.4	132.6	125.9	105.0	156.7	138.9	133.6	105.2	115.4	119.4
Feb.	120.1	101.4	125.7	118.5	100.1	149.5	130.5	130.8	102.7	109.5	116.3
March	126.2	105.2	132.8	123.6	105.8	167.7	139.2	144.0	105.9	113.6	118.2
April	118.5	102.7	123.3	116.9	109.5	141.9	123.7	137.4	108.4	110.6	119.1
May	121.7	108.5	125.7	120.4	119.7	153.2	125.9	139.2	112.2	116.1	116.2

¹ New series.



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
1976	3 547	2 254	2 163	91	4.0	27 305	123	127
1977	3 561	2 248	2 111	137	6.1	27 814	113	120
1978	3 578	2 253	2 084	169	7.5	29 021	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1979*								
June	3 591	2 439	2 304	135	5.5	2 760	118	132
July	3 594	2 441	2 300	141	5.8	984	119	117
Aug.	3 592	2 347	2 227	120	5.1	1 368	122	146
Sept.	3 594	2 250	2 140	110	4.9	2 054	113	141
Oct.	3 597	2 247	2 131	116	5.2	3 007	120	154
Nov.	3 596	2 227	2 121	106	4.8	3 421	118	152
Dec.	3 598	2 250	2 119	131	5.8	3 373	145	139
1980*								
Jan.	3 601	2 232	2 098	134	6.0	3 644	107	133
Feb.	3 603	2 228	2 110	118	5.3	4 579	105	130
March	3 602	2 240	2 113	127	5.6	3 735	111	142
April	3 603	2 229	2 114	115	5.2	2 541	116	134
May	3 606	2 288	2 190	98	4.3

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1977	41.88	18.86	4.22	12.11	3.71	43.70	18.10	3.07	16.80	3.33	48.12
1978	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1979*	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1979*											
Jan.-March	7.75	3.32	1.23	1.95	0.77	7.93	3.47	0.71	2.84	0.62	38.86
Apr.-June	19.16	7.45	2.77	7.22	0.68	6.99	3.24	0.45	2.16	0.79	47.04
July-Sept.	11.74	4.47	1.32	3.79	1.16	7.92	3.18	1.15	2.06	0.87	52.84
Oct.-Dec.	9.99	3.46	1.02	3.59	1.38	14.13	6.39	1.91	4.26	0.89	47.62
1980*											
Jan.-March	8.55	3.38	1.04	3.13	0.55	8.18	3.69	0.73	2.72	0.73	44.40

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector:* Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Capital import deposits + Other public sector claims. 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 liabilities, net = Capital import deposits + Other financial institution claims — Bonds — Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims — Bonds — Other corporate receivables.

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding.

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the discount rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the basic discount rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FOREIGN EXCHANGE RATES

Page 7. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers.

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

Figures for deposits and advances are supplied by the Central Statistical Office.

Page 8. *Deposits by the public.* The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 9. *Advances to the public.* The central government and the financial institutions are not included in the public. Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply. M_1 = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland). Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

STATE FINANCES

Page 10. Official figures computed by the Economic Department of the Ministry of Finance. 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. 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 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): 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. 13): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 14—15. 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, grants in kind and adjusted allowance for smuggling.

FOREIGN ASSETS AND LIABILITIES

Pages 16—17. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector.

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 Debt service does not include amortisation of the Bank of Finland credit facilities.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *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 — CONSTRUCTION OF BUILDINGS

Page 21. *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, — Break in series.

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 since 1956 and he was re-elected for the period March 1, 1978, to March 1, 1984.

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 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

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, OECD 1969, and IDB 1977.

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 (1978): 4.8 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1978): In South Finland 46.5, in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.6 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1978): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 484 879 inhabitants Tampere (Tammerfors) 166 519 Turku (Åbo) 164 586.

EMPLOYMENT (1978): Agriculture and forestry 12%, industry and construction 34%, commerce 15%, transport and communication 8%, services 31%.

LANGUAGE (1978): Finnish speaking 93.5%, Swedish speaking 6.4%, others 0.1%.

EDUCATION (1979): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 16 colleges of university standard.

CHANGE OF POPULATION (1978): births 13.5 ‰, deaths 9.4 ‰, change + 2.3 ‰, net emigration — 1.9 ‰. Deaths in France 10.3 ‰ and Great Britain 11.7 ‰ (1977).

TRADE AND TRANSPORT

NATIONAL INCOME (1978, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 272 (5%), forestry and fishing 5 409 (4%), manufacturing 35 784 (31%), construction 10 300 (9%), transport and communication 12 683 (11%), commerce, banking and insurance 15 956 (14%), public administration 6 578 (6%), ownership of dwellings 4 401 (4%), services 19 164 (16%), total 116 547 Index of real domestic product 166 (1964 = 100).

FOREST RESOURCES (1978). The growing stock comprised of 1 553 million m³ (solid volume with bark) of which 45% was pine and 37% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 668 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 59.9 million m³ and the total removal, calculated on the basis of roundwood consumption was 42.5 million m³.

AGRICULTURE (1978): Cultivated land 2.3 million hectares. Number of holdings 232 800 of which 159 600 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%.

INDUSTRY (1978). Gross value of industrial production 115 120 mill. marks, number of workers 388 322, salaried employees 132 712, motive power (1978) 7.6 mill. kW. Index of industrial production 105 for 1978 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1979): Length 6 080 km.

MERCHANT FLEET (June 30, 1980): Passenger vessels 141 (210 435 gross reg. tons), tankers 41 (1 194 372 gross reg. tons), dry cargo vessels 212 (1 026 177 gross reg. tons), other vessels 87 (1 549 gross reg. tons), total 481 (2 442 533 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1979): Passenger cars 1 169 501 lorries and vans 143 095, buses 8 826, others 8 136, total 1 329 558.

FINNISH AIRLINES (July 1, 1980): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9 10/14/15, 8 DC-9-51, 2 DC-10-30, 2 Fokker F-27 and 1 Convair Metropolitan. Companies have scheduled traffic outside of Finland to 37 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). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 18.7, Skr 17.8, £ 14.0, DM 13.3, \$ 9.6, other currencies 26.6. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

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, 1979). There are two big and five small commercial banks with in all 863 offices, 278 savings banks, 373 co-operative banks, five mortgage banks. Posti-pankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-six private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1980). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ½%. The range of rates for other credits granted by the Bank of Finland is between 7 ½% and 10 ½%. Other credit institutions time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¾%; 24 month deposits 9% 36 month deposits 9 ¾% + savings premium; 36 month deposits 9% + tax concession and sight deposits 2%. The highest lending rate 12 ½%.

THE OUTLOOK FOR FINNISH AGRICULTURE IN THE 1980s

by Samuli Suomela

Director-General of the National Board of Agriculture

The 1970s left behind them a very confused picture of the state of Finnish agricultural policy. This is particularly true of agricultural production, which for the last two or three decades has been troubled by overproduction and the tendency to persistently increase faster than the growth of domestic consumption. Low world market prices and at times acute marketing difficulties generated a variety of output-regulating measures which, coupled with freak weather conditions, brought more than enough colour to Finnish agriculture in the 1970s.

Finnish agriculture entered the 1970s under the shadow of butter and grain mountains, which were the result of an expansion in production and exceptionally weak demand on world markets. Indeed, it was even necessary to store butter abroad, when domestic storage facilities proved inadequate.

By the beginning of the 1980s, however, the situation for breadgrain was quite the reverse: domestic production accounted for only half of wheat consumption, while the other half had to be covered by imported grain. During the 1970s, the output of breadgrain fluctuated from one extreme to the other; but the reason for those swings is quite clear and straightforward — at least in retrospect.

The first half of the 1970s was marked by an uninterrupted growth in the output of breadgrain. Weather conditions were very favourable, particularly in the period 1974—1976, when a record wheat crop was achieved in each of these years. As a result, the marketing of wheat and other grains was so completely congested in 1975—1976 that most farmers were unable to sell their entire crop before the next harvest.

Naturally, the price of breadgrain could hardly be raised in such circumstances, although the prices of other products rose due to a very rapid rate of inflation.

Against this background, it was essential that the arable area under breadgrain be reduced, and this was in fact achieved in 1977 when the area under breadgrain was about half that of the previous year. Apart from price policy, this change was brought about above all by the fact that farmers had become tired of producing breadgrain, the marketing of which had for long been a cumbersome affair. Hence, at this point, it seemed as though the stabilization of breadgrain output had been successful. However, now bad luck was to play a hand.

In Finland, where grain is grown on its northern limits, farmers have become accustomed to there being a couple of poor crop years every decade. In the late 1970s, however, these years succeeded one another. The summer of 1977 was rainy and the total wheat crop, which had amounted to 654 million kilogrammes in the previous year, fell to less than 300 million kilogrammes. Moreover, an unusually large proportion of the crop did not qualify for breadgrain. The autumn of 1977 was so wet that only a minor part of the normal autumn sowing could be carried out. Thus the arable area under breadgrain in 1978 was even smaller than in the previous year. With the following summer proving even wetter, the wheat crop totalled no more than 241 million kilogrammes. Furthermore, on average more than 65 per cent of this amount was suitable for no more than feed grain. Consequently it became necessary to use the fairly large buffer stocks of wheat then in

existence and, in addition, to resort to imports. Weather conditions in the summer of 1979 were slightly more favourable than in preceding years, but the arable area under grain remained small as autumn sowing was hampered once more. By the turn of the decade, the point had been reached where only half the consumption of breadgrain was being satisfied by domestic output.

Thus, at the outset of the 1980s, the restoration of breadgrain production to an adequate level has been set as the most urgent target of production policy. With this aim in mind, wheat and rye prices were raised by almost 30 per cent in the spring of 1980. Furthermore, it was decided that the Government would increase its buffer stocks of grain up to 900 million kilogrammes, or nearly double the amount previously confirmed. Of this amount, 100 million kilogrammes will consist of seed-grain, which has been in particularly short supply as a result of the three consecutive poor crop years. The fact is that the chances of importing seedgrain to Finland are very limited: for climatic reasons, species of grain thriving in Finland can only be obtained from a few regions in the world.

When the replenishment of stocks and their planned further accumulation are taken into account, it will be possible, and necessary, in the early 1980s to direct production towards a much heavier concentration on breadgrain, without running the risk of overproduction. This will provide agricultural production policy with a certain amount of breathing space, which is sorely needed since in other agricultural sectors production continues to be clearly excessive in proportion to domestic consumption.

Notwithstanding breadgrain, agricultural output will remain very stable in the coming years. Milk output, which declined slightly in the mid-1970s, started to rise slowly at the turn of the decade, at least for a short period. Similarly, pork output has grown to such an extent that of the total 164 million kilogrammes produced in 1979, about 20 million kilo-

grammes, more than for several years, was exported. Owing to central government measures, the egg surplus has declined from 34 million kilogrammes in 1976 to 21 million kilogrammes in 1979. Beef output has kept in line with domestic consumption, and feed grain production has also been sufficient. All in all, it is estimated that, if »normal» weather conditions prevail, total agricultural output will tend to grow further in the 1980s as well, albeit at a slower rate than previously. The severe employment problems of recent years have also notably curbed farmers' willingness to refrain from production and have helped to maintain a high level of output, or even raise it. With no quick solution to the problems in sight, any relaxation of pressures in this area seems unlikely in the years to come.

As an extension to former acts, a new Agricultural Incomes Act was passed in 1977, according to which prices of agricultural products are to be confirmed annually in negotiations between the Government and the central organizations of agricultural producers. The act also provides that the collection of marketing fees from agricultural producers is to be commenced whenever the output or exports of grain, milk, pork and eggs breach certain thresholds set in the act. The introduction of this system has made it more in the agricultural producers' own interest to endeavour to restrain output rises, so as to avoid additional marketing fees. As a consequence, it was politically easier than before to secure Parliament's approval for acts designed to curb output increases.

The first step in the formulation of this legislation can be traced back to an act concerning the regulation of the area under cultivation, which came into force in 1969. This act is still in force, although new agreements are no longer concluded on the basis of it. In accordance with this act, a fixed compensation has been paid to any farmer who has agreed to leave his fields untilled. The new Production Guidance Act is fairly similar: a compensation based on former output will be paid to any farmer who agrees to stop producing such

products the aggregate output of which exceeds domestic requirements. This act was further relaxed in 1979 so that compensation will also be paid in cases where the farmer ceases to produce only milk, pork or eggs. Furthermore, another non-cultivation system has been applied for several years under which compensation is paid to any farmer who leaves at least one third of his fields fallow. As a result of all the agreements concluded under these various arrangements, about 7 per cent of the country's total arable area has been annually untilled. Attempts have been made to bring about a more permanent change in the cultivation pattern by paying compensation for the afforestation of poor-quality fields. In recent years, about 6 000 to 10 000 hectares of arable land of appropriate location and soil type have been afforested annually.

New output-curbing regulations have also been introduced in livestock rearing. In particular, efforts have been made to prevent the establishment of large factory-type farms and non-farm enterprises. For this purpose, an act laying down guidelines for pig and chicken rearing in certain cases was introduced in May 1975. Under it, the establishment of a pig farm with more than 300 pigs and of a chicken farm with more than 1 000 hens became subject to permission. Permission was granted on the condition that the enterprise could be managed without recourse to hired hands and that a certain proportion of animal feed could be obtained from the farm itself. The regulations have been progressively tightened in connection with subsequent revisions of the act. At present, permission can be granted for the establishment of a pig farm with not more than 500 pigs and of a chicken farm with not more than 3 000 hens. The present act also applies to cattle rearing, so that similar permission is required for the establishment of a cattle farm with more than 30 dairy cows or more than 120 beef cows. It is obvious that before too long it will be realized that the regulations have been made unnecessarily stringent, particularly since the size of livestock farms in Finland has traditionally been very small.

TABLE 1. DISTRIBUTION OF LIVESTOCK BY NUMBER PER PRODUCTION UNIT

	Per cent of total cow number
Cows/unit	
1— 9	57
10—20	34
20—	9
	100
Fattening pigs/unit	Per cent of total pig number
1— 50	21
50— 200	37
200—1 000	38
1 000—	4
	100
Laying hens/unit	Per cent of total hen number
1— 100	10
100— 500	26
500—1 000	20
1 000—2 000	17
2 000—5 000	19
5 000—	8
	100

TABLE 2. FARMS BY SIZE

Arable land, hectares	1959		1969		1978	
	Number	%	Number	%	Number	%
2—10	203 021	71	173 158	66	125 446	59
10—15	44 702	16	47 299	18	37 847	18
15—30	30 153	10	35 246	13	37 076	18
30—50	5 330	2	6 069	2	8 122	4
50—	1 572	1	1 912	1	2 744	1
Total	284 778	100	263 684	100	211 235	100
Average	8.9		9.9		11.5	

TABLE 3. SPECIALIZATION IN AGRICULTURE

	1969		1977	
	Number	%	Number	%
Farms, total	263 700	100	215 500	100
with cows	204 100	77	102 400	48
with pigs	44 300	17	16 400	8
with hens	82 200	31	29 400	14

Agricultural legislation has also been extended to encompass structural policy. Legislation dealing with it was revised in 1977 with the passing of the Farm Act, which defines the principles according to which the central government endeavours to promote structural changes in agriculture. In practice it meant

that the policy of encouraging the setting-up of new farms was officially abandoned and that instead special efforts were to be made to increase the arable area of existing farms both by granting additional land and through central government lending activity. In fact, the number of small farms is steadily declining, whereas the number of farms with an arable area of more than 15 hectares is increasing.

Structural developments are closely related to the decline in the rural population. In three decades, the population engaged in agriculture and forestry has declined from about 900 000 persons to 250 000. So far there are no signs of this trend changing or coming to an end. At the moment, persons engaged in agriculture and forestry still account for about 12 per cent of the total economically active population in Finland, a figure that continues to be one of the highest among West European countries. As the average age of the Finnish farmer is currently 54 years, there would seem to be hardly any measure that could succeed in preventing the number of farmers from declining still further. In a sparsely populated country like Finland, this will mean — unlike in densely populated Central Europe — severe regional problems. Rural life is gradually withering away in country villages, which are becoming half-deserted. It is estimated that, in a country like Finland, the share of the total economically active population engaged in agriculture and forestry should not fall much below 10 per cent, if the complete desolation of several regions is to be avoided. It is evident that this issue will come increasingly to the fore in the 1980s and will also require new measures from the central government.

The maintenance of the income level of the rural population is a difficult problem everywhere and one to which the high level of specialization in agricultural production has added a new dimension. Climatically Finland is a typical cattle-farming country, in which earlier virtually all farms kept dairy cows. At present, however, more than half of the farms have no dairy cows at all, and other sectors of agriculture have also become highly spe-

cialized. A problem that is particularly likely to be encountered in the 1980s is that concerned with the maintenance of an adequate livelihood on farms specializing in grain growing alone. Apart from the fact that chances of crop failure have greatly increased the risks involved in grain growing under Finnish climatic conditions, the ensuring of an adequate living for grain-growing farms will otherwise cause increasing difficulties. Grain cultivation alone can occupy people for only a few months a year, and it is therefore difficult to see how a level of income could be achieved which would provide a sufficient annual living for the partly-employed farm.

The last few years with their poor grain crops seem to have created a slight tendency for a return to animal husbandry. However, this poses a dilemma, for if only a fairly small proportion of the farms presently engaged in grain growing were to resume milk production, the country would be placed in an even more difficult position due to surplus production of milk. The room for manoeuvre is thus very small: both alternatives are equally as bad. Obviously it will be necessary to search for some middle-of-the-road course that minimizes the undesirable effects of each.

Energy, one of the particular problems of the 1980s, will be a prominent issue in agriculture as well. In this respect, Finnish agriculture has become increasingly vulnerable and more dependent on imports of oil. Farming has been almost fully mechanized. The number of horses has fallen from 400 000 to 20 000 during three decades and there are no indications that it might return to agriculture; on the contrary, the prediction that the horse will disappear will soon come true.

In a northern country like Finland, agriculture is more dependent on weather conditions than in many other countries. The 1970s saw a period of good years followed by one of poor years. It is impossible to forecast beforehand which will predominate in the 1980s. Estimates should be based on the assumption that the probable situation will be somewhere between

the two extremes. Whether this proves to be the case, or whether climatic conditions will develop according to the worse or the better alternative, only time will tell.

Taking into account all the various factors — the productive conditions in agriculture, the structural development, marketing prospects and also political attitudes — there would seem to be some grounds for predicting that the current decade in Finnish agriculture will be more peaceful and less problematic than the 1970s. However, experience has shown that such forecasts should be treated cautiously.

Even so, it can be claimed that Finnish agriculture still maintains the same role as before

as the guarantor of the country's food supply. Nor do the basic problems facing agriculture in the 1980s differ essentially from those of the 1970s. Marketing difficulties have diminished, but they have been replaced by energy problems and a jungle of output-curbing measures. On the other hand, these new problems have served to demonstrate how vitally important agriculture is to the Finnish economy. It is a fact that is appreciated more clearly now than before, and one that can be ascribed to not only the heavy fluctuations in domestic agricultural production but to developments in the rest of the world as well.

ITEMS

Credit facility agreement. On July 16, 1980 in Savonlinna, the Bank of Finland concluded a revolving credit facility agreement for 600 million U.S. dollars (almost 2 200 million marks) with 20 leading American and Canadian banks. This credit agreement is the largest so far concluded by Finland abroad.

This credit facility arrangement substitutes two earlier agreements concluded with the same banks in 1976 and 1977. The facility will be available for eight years. The rate of interest collected on drawn amounts is LIBOR-based for 300 million dollars and prime-rate-based for the other half of the loan. The terms of the arrangement are considered favourable by international standards, thus enforcing Finland's reputation abroad as a prime borrower. The credit facility has been arranged by Bank of America International Limited and Morgan Guaranty Trust Co. of New York.

The Bank of Finland now has credit facilities available for supporting the country's foreign exchange reserves up to the value of 1 350 million dollars, or almost 5 000 million marks. Since the beginning of 1973, the Bank of Finland has had credit facilities, which, whenever needed, can be used to strengthen the country's foreign liquidity. The total amount of the arrangements has gradually been increased so as to preserve their value relative to the growth in Finland's foreign transactions.

The Bank of Finland investment inquiry of June 1980.

Industrial investment in 1979. Following several years of decline, industrial investment rose sharply in 1979. The volume of industrial investment¹ grew by a fifth last year. Investment activity picked up considerably in all sectors of manufacturing, showing a total

increase of more than a quarter. The fastest growth occurred in the forest industries, where the volume of investment was up more than 50 per cent on the previous year. The emphasis in the increase in manufacturing investment was on machinery and equipment, but building investment also showed a marked upward trend. The energy sector's investment growth came to a halt due to the completion of some large power station projects.

Planned investment for 1980. According to industry's plans, investment growth will continue to accelerate this year. The volume of planned investment for 1980 exceeds that for 1979 by more than a third. Evidence from earlier inquiries, however, suggests that the ultimate increase in investment could be even larger. Industry's vigorous investment activity is due chiefly to improved profitability, capacity utilization approaching full capacity levels in many sectors, and outlets now being found for replacement investment requirements built up during the years of recession.

This year the volume of manufacturing investment is expected to exceed the previous peak of 1975. However, total industrial investment will not reach this level because of the cutbacks in the energy sector's investment.

Investment in the forest industries and metal industry is expected to grow by 40 per cent this year, and investment by the chemical industry should also expand, partly as a result of the large investment projects being undertaken in this sector by enterprises in which the government has a majority shareholding. The increase in investment continues to centre on acquisitions of machinery and equipment.

Planned investment for 1981. Investment plans point to a slight increase in investment volume for next year as well. Building investment by the forest industries should increase substantially, whereas the volume of the metal in-

¹ Includes manufacturing industries, mining, and electricity, gas and water works.

dustry's and other manufacturing industries' investment seems likely to grow distinctly more slowly than that of the forest industries.

Since investment plans made this far in advance tend to be underestimated, the relatively extensive plans reported at this stage reveal that industrial enterprises are at present optimistic about economic developments in the near future.

Capacity utilization in 1980 and 1981. Industrial capacity utilization seems likely to grow this year by some four percentage points, amounting on average to nearly 90 per cent. This will match the capacity utilization levels recorded for the peak years of the early 1970s, levels which the forest industries have already attained and the metal industry estimates to reach during the second half of this year.

The majority of the enterprises returning their questionnaires forecast that their level of capacity utilization will fall in 1981, especially during the second half of the year. However, this expected decline is more likely to be the result of additional capacity rather than

slackening demand. The forest industry reported the highest proportion of enterprises expecting a drop in capacity utilization in 1981.

Supplementary budget. The first supplementary budget for 1980 was approved by Parliament in June. The expenditure involved in this supplementary budget is mainly attributable to the conclusion of the agreement on agricultural income on March 31, 1980, the escalation of the world market prices of crude oil and oil products, the growing need for the buildup of oil product buffer stocks, and to the maintenance of employment. The increases in expenditure totalled 1 627 million marks.

On the basis of the agreement on agricultural income, an additional 202 million marks was earmarked for agricultural price subsidies, while 100 million marks was transferred to the Development Fund of Farming and a total of 58 million marks for the arrangement of farmers' annual vacations.

200 million marks was transferred to the Import Trade Fund for the payment of price disparity compensations for imported liquid fuels. This increase, which will be covered by raising the excise duties on fuels, can be ascribed to the sharp rise in the world market prices of crude oil and oil products.

In order to ensure the supply of energy, it was decided to intensify the buildup of oil product buffer stocks. The increase in expenditure will be financed by raising the buffer-stock charge on liquid fuels. It is estimated that this increase in the charge will produce a 70 million mark addition to state receipts, of which 65 million marks will be used for purchases of crude oil and oil products and 5 million marks for the construction and renovation of buffer-stock buildings.

An allocation of 70 million marks was made for the purpose of increasing the share capital of state-owned industrial companies, so as to facilitate the implementation of their investment projects and to improve their financial position.

TABLE 1. ANNUAL CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1979, AND PLANNED CHANGES FOR 1980 AND 1981, BY INDUSTRIAL SECTOR, PER CENT

	1979	1980	1981 ¹
Forest industries	52	42	21
Metal industry	24	39	— 3
Other manufacturing	11	29	— 4
Total manufacturing	26	36	5
Electricity, gas and water	1	—22	—19

TABLE 2. ANNUAL CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1979, AND PLANNED CHANGES FOR 1980 AND 1981, BY TYPE OF INVESTMENT, PER CENT

	1979	1980	1981 ¹
Building investment	— 9	5	9
Investment in machinery and equipment	36	30	0
Total industrial investment	20	22	2

¹ Evidence from earlier inquiries suggests that investment plans made this far in advance tend to be clearly underestimated relative to realized investment.

An additional 300 million marks was set aside for financing the first supplementary public works programme of the spring and the supplementary public works programme of the autumn. The payment of outlays related to investment and the promotion of employment will be postponed — in line with cyclical developments — until the last months of this year.

This supplementary budget brings total budgeted state expenditure for 1980 to 50 328 million marks.

Renewed Finnish 5 mark bank note. The 5 mark bank note has undergone some technical changes, as a result of which the notation »Litt. B» now appears in the right upper corner on the front of the note.

The differences from the 5 mark note with the notation »Litt. A» occur in the corners and middle on the front of the note in the figures showing the denomination.

In the previous 5 mark notes the surface of the figures showing the denomination is cross-hatched, whereas in the notes with the notation »Litt. B» it is diagonally lined.

The general colouring of the »Litt. B» notes is slightly darker than that of the previously issued notes.

Consequently, there will be three different types of 5 mark bank note in circulation:

the note which has neither any »Litt.» notation nor any watermark,

the note bearing the notation »Litt. A» and furnished with a conifer branch watermark, and

the note bearing the notation »Litt. B» which has a conifer branch watermark and diagonally-lined denomination figures on the front.

The renewed 5 mark bank note will be issued in July—August 1980.

(continued from page 2)

an interest subsidy for its investments, and, on an experimental basis, even central government support for covering the losses incurred by its activities. Although these support measures have helped to slow the rate of change slightly, the decline in the number of shops in the countryside will continue in the 1980s as well. The mobile shops have run into particularly great difficulties, as energy costs account for a greater-than-average share in their total costs.

In specialized trade, department stores increased their sales throughout the 1970s. While the share of department stores in total retail sales was no more than 9.6 per cent in 1970, in 1979 it was 12.3 per cent. Department stores are not expected to increase their share of sales any further in the 1980s. Especially medium-sized and small department stores in the centres of cities have encountered severe economic difficulties. Specialized shops concentrating on the sale of particular goods, in which their service and selection are good, are expected to expand their share of trade. This can be ascribed particularly to the growing requirements of consumers.

In the 1980s, trade is forecast to be greatly affected by technological progress. European Article Numbering will be introduced in Finnish trade during the current decade. Furthermore, payments arrangements are developing rapidly in Finland. The role of credit cards in Finnish retail trade has been fairly insignificant by international standards, but it is expected to increase rapidly. Various payment cards will also rapidly gain ground in Finland, and the system of charging a retail trade purchase directly to the customer's bank account will be introduced during the current decade. These technical aids in retail trade will contribute to reducing trading costs. On the other hand, it is expected that the demand for personal services will increase.

July 21, 1980

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor, absent as Prime Minister

Ahti Karjalainen <i>Deputy Governor, Acting Governor</i>	Pentti Uusivirta
Rolf Kullberg <i>Deputy Governor, ad int.</i>	Ele Alenius
Harri Holkeri	Seppo Lindblom <i>ad int.</i>

Directors

Markku Puntila	Seppo Lindblom
Eino Helenius	Pentti Koivikko
Kari Nars	Antti Lehtinen

Senior officials

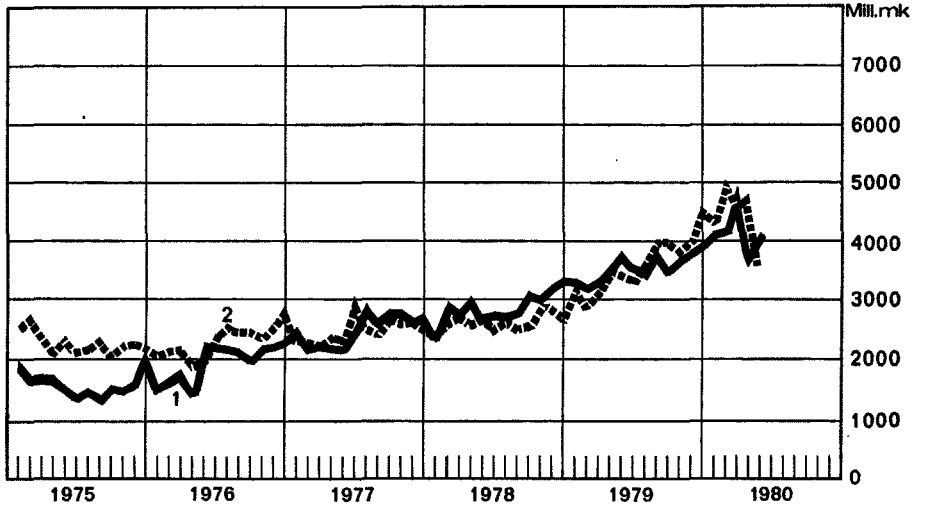
Pertti Kukkonen <i>Director, ADP-planning</i>	Reino Airikkala <i>Monetary Policy</i>
Raimo Hyvärinen <i>Domestic Financing</i>	Kari Pekonen <i>Exchange Policy</i>
Osmo Soikkeli <i>Deputy, Foreign Exchange</i>	Kari Holopainen <i>Bilateral Trade</i>
Antti Saarlo <i>Special Bilateral Affairs</i>	Pekka Tukiainen <i>Foreign Financing</i>
J. Ojala <i>Exchange Control</i>	Sirkka Hämäläinen <i>Deputy, Economics Dept.</i>
Heikki Koskenkylä <i>Research Dept.</i>	Markku Pietinen <i>Information</i>
H. T. Hämäläinen <i>Administration</i>	Timo Männistö <i>Internal Audit</i>
U. Levo <i>International Legal Affairs</i>	Erkki Vehkamäki <i>Data Processing</i>
Anton Mäkelä <i>Personnel</i>	Stig G Björklund <i>Payments</i>

Reijo Mäkinen

Cash

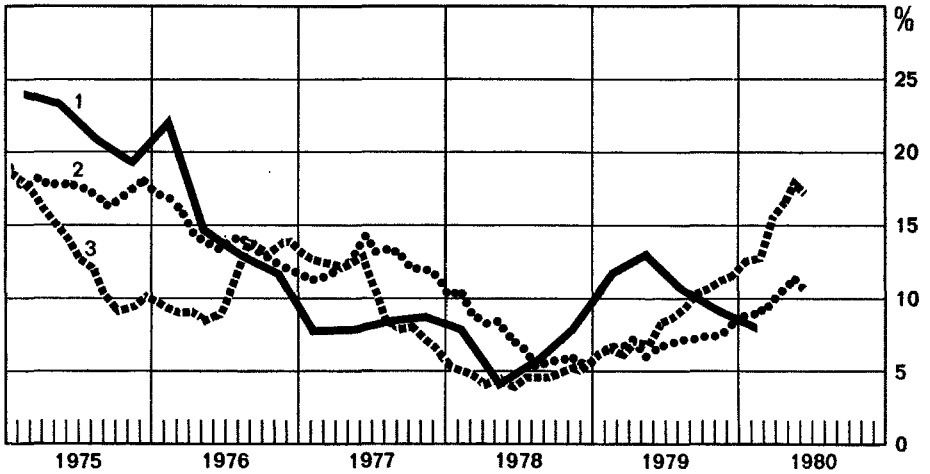
FOREIGN TRADE, 1975-80

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



PRICES AND WAGES, 1975-80

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
 - 2. Consumer price index 1977 = 100, monthly figures
 - 3. Wholesale price index 1949=100, monthly figures
- Percentage change over previous year



PRODUCTION, 1975-80

- 1. Total index of industrial production 1975 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1975 = 100, seasonally adjusted quarterly figures

