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Recent Economic and Financial Market
Developments

Finland's Commercial Relations with
Developing Countries

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RECENT ECONOMIC AND FINANCIAL MARKET DEVELOPMENTS

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STRONG ECONOMIC EXPANSION CONTINUES

The Finnish economy has continued to expand vigorously in 1988. In the first six months of the year, real GDP grew by 4.3 per cent compared with the corresponding period of 1987, and much the same rate is expected for the year as a whole. Investment, private consumption and public consumption have all increased at a rapid pace. Exports to western markets have done well but, owing to a decline in bilateral trade, exports as a whole have made only a modest contribution to total output. Strong domestic demand has been increasingly reflected in accelerating inflation and a widening current account deficit.

In the January-August period, manufacturing production was 3.7 per cent higher than a year earlier. Output growth has come up against capacity constraints in many branches. Pulp and paper mills have been running at full capacity and labour shortages have hampered growth in the metal and engineering industry. Most serious, however, have been the capacity shortages that have emerged in the construction sector.

Unemployment has declined moderately, stabilizing at about 4½ per cent of the labour force. However, this figure conceals considerable regional and occupational mismatches.

Consumer prices rose by 0.9 per cent in September, reflecting the effect on the consumer price index of the sharp rise in dwelling prices early in the year. In September, consumer prices were 5.6 per cent higher than a year earlier, and the 12-month rise is expected to top 6 per cent by the end of the year. Apart from housing costs, consumer prices have been

boosted by higher indirect taxes and state charges and tariffs.

In the first six months of this year, the current account posted a deficit of FIM 6.3 billion, and this is estimated to have increased by some FIM 4 billion in the third quarter. The bulk of the deficit is attributable to interest payments on foreign debt, though a growing deficit on services and increased development assistance have been contributory factors.

The current account has also been weakened by the fact that the surplus on merchandise trade disappeared in the summer, with the trade account registering a deficit of FIM 1.3 billion for the first nine months of this year. However, scheduled deliveries suggest a surplus in the final months of the year. In January-September, the volume of exports was virtually unchanged from last year, whereas imports increased by 9 per cent. On the other hand, Finland's terms of trade improved by 3 per cent over the same period. Imports of consumer and investment goods, in particular, were buoyant.

There was practically no change in the value of bilateral exports, while bilateral imports fell back by a further 10 per cent as a result of cheaper oil, Finland's main import from the Soviet Union. The payments arrangements between the two countries were amended recently to help spread the impact of the lower oil price on trade over a longer time span.¹

STABILIZATION AGREEMENT TO CHECK COSTS

In late August, the central labour market organizations and the Government concluded a stabilization agreement designed to reverse the trend of accelerating wages and prices

and, indirectly, to improve Finland's external balance.²

Under the agreement, nominal wages and salaries are to be raised by just over 1 per cent in March 1989. By reducing the personal tax burden, the Government will ensure that the purchasing power of wage and salary earners increases by 2.5 per cent in real terms next year. The agreement also contains an index clause providing for extra pay increases should consumer prices rise by more than 1.2 per cent from September to December this year or by more than 4 per cent from December 1988 to December 1989.

The implementation of the agreement requires approval by individual unions. Most unions responded affirmatively in September, but the decision of certain key industrial unions is not expected until mid-November. Workers in the construction sector rejected the agreement and will not therefore be entitled to any pay increases that might arise under the index clause.

1989 BUDGET PROPOSAL PROVIDES FOR START OF TAX REFORM

According to the budget proposal for 1989 submitted to Parliament in September, central government expenditure will increase by 2 per cent in volume terms next year over the estimated outturn for 1988 and by slightly more in comparison with planned expenditure in this year's ordinary budget. The net borrowing requirement will increase slightly. Since local government expenditure is set to continue expanding at a fairly rapid pace, the public sector as a whole will boost domestic demand in a fashion not entirely compatible with the overall bal-

¹ See the item in the October 1988 issue of the Bulletin.

² See also the item in the September 1988 issue of the Bulletin.

ance of the economy.

The budget proposal also provides for the introduction in 1989 of the first phase of the comprehensive tax reform. In personal taxation, the number of income tax bands is to be reduced from eleven to six. At the lower end, the minimum annual income subject to state tax will be raised by 20 per cent to FIM 36 000. Marginal tax rates in state taxation will vary between 11 and 44 per cent next year, whereas the highest rate now is 51 per cent. When local government tax and social security contributions are taken into account, the highest marginal rate next year will be about 64 per cent. However, taxpayers can expect only a modest easing in the overall tax burden as the scope for lower tax rates has largely been created by reducing the number of allowable deductions and by raising the taxable value of fringe benefits.

A major reform of corporate taxation will be implemented in 1990 with the introduction of the "avoir fiscal" system. This will eliminate double taxation of dividends by crediting the tax paid by the company to recipients of dividends. In this context, it is proposed to lower the corporate tax rate (incl. local taxes) by 5 percentage points to about 45 per cent. Foreign investors will also be entitled to tax credit on the basis of international tax treaties. Other important changes in corporate taxation include cuts in inventory, investment and other reserves.

CURRENT ACCOUNT DEFICIT KEEPS INTEREST RATES UP

Monetary policy has been characterized by ongoing efforts to curb domestic demand as effectively as possible within the framework of a stable exchange rate. This task was facilitated somewhat by the rise in international interest rates in the late summer.

Heavy capital inflows early in the year gave way to a moderate outflow in the third quarter.

Apart from a smaller interest rate differential, this was largely the outcome of the decision of the Bank of Finland in June to forbid banks from intermediating foreign currency credits through their trust departments to customers not authorized to borrow in international markets. Furthermore, capital exports were further liberalized from the beginning of August.

With the reversal of the capital inflow, the Bank of Finland has intervened occasionally in the foreign exchange markets in order to keep the exchange rate close to the lower limit (revaluation point) of its band. As a result, the official convertible foreign exchange reserves declined from their peak of FIM 34 billion in early July to FIM 28 billion in late September, but there was little change in October. The ensuing tightening of markka liquidity, in turn, brought about a gradual rise in domestic interest rates.

In recent months, domestic money market rates have been running at around 10½ per cent, i.e., 1½—2 percentage points higher than the weighted average of the eurorates of the 12 currencies included in the Bank of Finland currency index. After appreciating slightly in the late summer, the external value of the markka has remained stable at just under one percentage point above the lower limit of its 4.5 per cent fluctuation range.

In October, the banks' cash reserve ratio was raised by 0.3 percentage point to 7.3 per cent of the cash reserve base in October and a further rise to 7.6 per cent of the base was announced for November. This contributed to the rise in money market rates to about 11 per cent in late October. As a technical measure, on October 6, the call money deposit rate was lowered to 4 per cent and the call money credit rate raised to 13 per cent in order to encourage banks to balance liquidity differences between themselves primarily in the interbank market.

The rapid expansion of domestic credit started to level off in the summer. However, in August, banks' total lending to the public was still 26 per cent higher than a year earlier; markka-denominated lending was up by 22 per cent while lending in foreign currencies had increased by nearly a half.

Companies have borrowed abroad to take advantage of lower foreign interest rates while a substantial part of new markka lending has been taken up by households. Though, in part, this reflects strong pent-up demand it also indicates the fact that, because of the fairly liberal provisions for the deductibility of interest payments in taxation, households are still rather insensitive to changes in interest rates. The tax reform will partially curtail the deductibility of interest expenses next year. The tax-exemption of households' interest earnings on ordinary bank deposits is also to be reduced to some extent.

In connection with the stabilization agreement, the Bank of Finland made a promise, conditional on all the essential components of the agreement being approved by the unions, to lower the base rate by half a percentage point from its present level of 8 per cent at the beginning of next year.

In the securities market, share prices have drifted downwards during the autumn. An all-time high was reached on the Helsinki Stock Exchange in early August, when prices were 13 per cent higher than at their pre-crash peak in October 1987 and 39 per cent higher than at the beginning of the year. At the end of October, share prices were 7 per cent lower than in August. This may reflect not only increased uncertainty about the future — including the effects of the tax reform — but also the fact that a record amount of new issues has been floated in recent months.

November 1, 1988

FINLAND'S COMMERCIAL RELATIONS WITH DEVELOPING COUNTRIES

by **Alec Aalto**, Deputy Director General
Ministry for Foreign Affairs

When examining Finland's external economic relations, the developing countries, or LDCs (less developed countries), are normally taken to be those countries which are not members of the OECD or the CMEA. Our knowledge of the developing world is, on the whole, limited and of recent origin. Trade and tourism are phenomena of the last few decades, and Finland has neither the historical relationships nor the geographical proximity to create a special awareness of any particular developing country.

It is probably true to say that Finland has been equally unknown to the developing countries. The impact of Finnish development assistance or peacekeeping forces is rather limited in this respect. Being a member of EFTA or one of the neutral countries of Europe does not carry much weight when trying to promote Finnish trade in the Third World. The Scandinavian connection may, incidentally, have a better reference value in some parts of the world.

There are instances when a company from a small, non-aligned nation is preferred to a multinational as a supplier of goods or know-how. But, though a colonial past can be a political handicap for a country, it can often be turned into a commercial advantage for its companies, when there is a common language, uniform standards and long-established administrative and trading ties. A small, newly-internationalized country like Finland has few initial advantages when entering untried, far-off markets.

Given the heterogeneity of the developing world and the fact that trade relations between Finland and a large number of LDCs are non-existent, it could be argued that this aspect of Finland's external economic relations is no more than just a number of individual cases. Our economic cooperation with the developing world lacks uniform structures such as the OECD framework, the free trade arrangements in Western Europe and — though less uniform — the trading arrangements with the socialist countries of Europe. However, certain unifying features have been emerging during the last two decades. The system of Generalized Specialized Preferences (GSP), which favours imports from developing countries, is slowly expanding. Various financial mechanisms for promoting Finnish exports and investments have

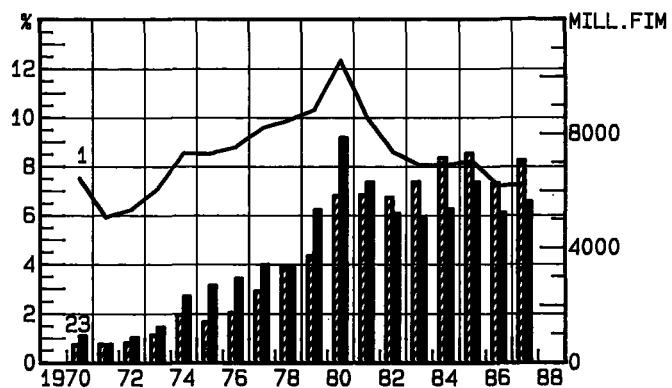
recently been created. A standard type of agreement on economic and industrial cooperation is in force between Finland and nearly thirty developing countries.

TRADE IN GOODS

The LDCs' share of world trade is around 20 per cent, of which two-thirds is carried on with the OECD countries. Trade with LDCs makes up about 20 per cent of the total trade of the OECD countries. In Finland's case, the corresponding figure has been noticeably lower, in recent years well below 10 per cent (Chart 1). Imports from LDCs peaked in 1980 at 13.6 per cent of total imports, while exports have only rarely exceeded the 10 per cent level.

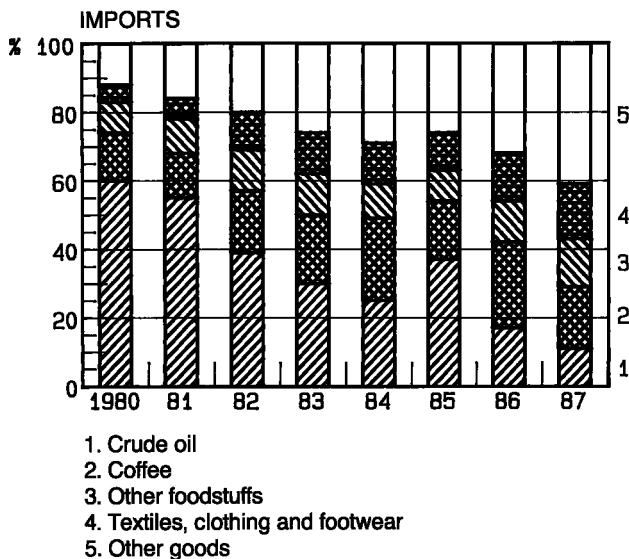
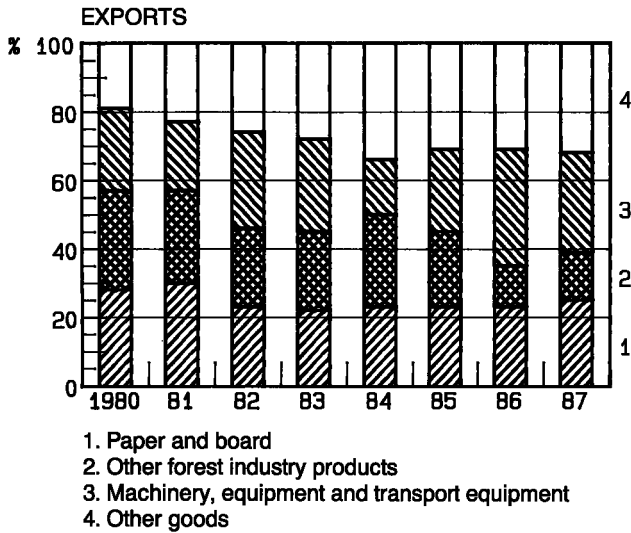
Taking into account the fluctuations in the prices of oil and coffee, the two single most important items in Finnish imports

CHART 1.
FINLAND'S TRADE WITH DEVELOPING COUNTRIES IN 1970 - 1987



1. As a percentage of Finland's total trade (left scale)
2. Exports in mill. FIM (right scale)
3. Imports in mill. FIM (right scale)

CHART 2.
COMPOSITION OF FINLAND'S TRADE WITH DE-
VELOPING COUNTRIES IN 1980 - 1987 BY MAIN
CATEGORY OF GOODS, PERCENTAGE SHARES



from developing countries, trade both in value and particularly volume terms has in fact been rather stable over the last decades.

The share of exports to LDCs in Finland's total exports was around 6 per cent in the late 1960s, gradually rose to a record high of 10 per cent in 1980 and then fell slowly to 8 per cent in 1987. The value of annual ex-

ports has decreased only three times over the last twenty-five years.

The share of imports from LDCs in Finland's total imports has been more volatile because of sharp variations in commodity prices. After displaying a slowly rising trend in the 1960s, it grew at an accelerating pace in the 1970s and peaked in 1980.

On the whole, it would seem that changes in the structure and geographical distribution of both imports and exports in the last decade have been greater than those in the aggregate figures for trade with LDCs.

Exports

Forest industry products have traditionally dominated Finland's exports to developing countries in both North Africa and Latin America. In the 1980s, however, their share has been declining, and the volume of exports has fallen considerably.

The share of metal and engineering industry products has fluctuated between one-quarter and one-third of total exports (Chart 2). Important products include forest industry machinery and machinery and equipment for power generating and transmission. Telecommunications is a rapidly growing export sector.

The export figures have occasionally been inflated by sales of second-hand ships and the transfer of Finnish ships to open registers in certain small developing countries.

Other exports include chemicals, whose share has been steadily growing, and furs, especially to Asian countries.

Imports

While it is difficult to discern any clear trends in Finnish exports, such trends are easily observable on the import side. The combined share of crude oil and coffee is today less than half of that a few years ago. While the volume of imported coffee has remained stable over the years, that of oil has declined rapidly as a result of reduced reliance on oil as an energy source and changes in the supply structure (Chart 2). Most of the country's oil requirements are covered by imports from the Soviet Union, trade with which is conducted on a bilateral basis.

Traditional imports from developing countries of tropical

fruit and other foodstuffs have not changed much in recent years. On the other hand, both textiles and footwear have been growing rapidly, as, too, have several other categories of finished goods, such as office equipment, audiovisual equipment and other electronics.

The established view of LDCs as exporters of primary commodities with only a limited supply of marketable industrial goods no longer holds true in Finland's case, if imports from these countries are viewed as a whole. However, the benefits of the changes in the structure of imports are unevenly spread. A few newly-industrializing economies (NIEs) in Asia have established themselves in the rapidly expanding market for finished consumer goods, while a growing number of countries are still competing for a share of the less promising market for foodstuffs and cheap textiles.

Trading partners

The changing pattern of trade is strongly reflected in the figures for individual trading partners. The OPEC countries accounted for 60 per cent of Finland's imports from the developing world in 1980, virtually all of their share consisting of oil. Seven years later OPEC oil, originating entirely from Saudi Arabia, accounted for less than 15 per cent. As Finnish companies succeeded in establishing themselves as major suppliers of goods and services to the booming Arab market, the large deficit of 1980 soon turned into a substantial surplus. Falling oil prices and the Gulf War then sharply reduced the overall volume of trade. Trade balances with individual Arab OPEC countries have fluctuated considerably.

The expanding share of industrial goods in Finland's imports from developing countries is reflected in the trade figures for the four NIEs of Asia. In 1980, Hong Kong, the Republic of Korea, Singapore and Taiwan accounted for 6 per cent of imports from LDCs,

while in 1987 their share had risen to 28 per cent (Table 1). In this case, trade has developed in a fairly balanced fashion: while Finland's exports to these countries were virtually nil in 1980 they had risen to one-fifth of all of her exports to developing countries in 1987.

TABLE 1. FINLAND'S FOREIGN TRADE WITH DEVELOPING COUNTRIES: TOP TWELVE

IMPORTS

Share of total imports from developing countries, per cent

	1987	1980
Saudi Arabia	12.5	36.6
Republic of Korea	9.9	1.8
Brazil	8.9	5.0
Hong Kong	8.1	2.5
China	8.0	1.4
Taiwan	7.8	0.6
Colombia	6.3	5.6
Costa Rica	3.2	2.3
Singapore	2.3	0.6
Thailand	2.3	0.5
Morocco	2.1	0.9
Malaysia	2.1	0.8

EXPORTS

Share of total exports to developing countries, per cent

	1987	1980
China	9.8	5.1
Republic of Korea	7.9	0.6
Egypt	7.0	6.4
Saudi Arabia	6.0	5.3
Hong Kong	5.4	0.8
India	4.3	2.4
Algeria	4.1	5.8
Taiwan	3.5	0.3
Singapore	3.4	1.2
Brazil	3.4	3.6
Indonesia	3.0	1.6
British Territories in the West Indies	2.9	0.2

The three main suppliers of coffee to the Finnish market, Brazil, Colombia and Costa Rica, have each run a consistent surplus in their trade with Finland. In Latin America, only Brazil is currently a major market for Finnish exports.

As regards trade with other developing countries, Finland tends to be in surplus rather than in deficit. Normally Finnish exports consist of forest industry products or investment goods, which, in practice, are difficult to match with supplies of tropical agricultural products, textiles, leather goods and handicrafts. As an adherent to the principle of free trade and with a strongly market-oriented economy, Finland has been neither able nor willing to accept demands for cutting trade surpluses through state interference. Equally, Finland

has accepted huge deficits, e.g. with oil and coffee producers, and called for stronger market-ing efforts to reduce the deficits by increasing Finnish exports.

A special trading situation is created where trade is generated by official development assistance (ODA).¹ Bilateral aid accounts for 60 per cent and multilateral aid for 40 per cent of total Finnish ODA. The vast bulk of Finnish bilateral aid is channelled to a number of Sub-Saharan states and a few countries in Asia. Several of these are among the least developed countries (LLDCs). Since well over half of all Finnish ODA is spent on supplies of Finnish goods and services, it is obvious that this has a significant effect on the overall export figures and especially on the trade balance of the main recipients of aid. Incidentally, this also affects any analysis of the economics of trade with LDCs.

TRADE IN SERVICES

Construction and consulting activities played an important role for some years in Finland's economic relations with the developing world. The cycle was short but intense. Construction projects in developing countries, mainly in the Middle East, amounted to over FIM 2.5 billion in 1982, i.e. over 60 per cent of total exports in this sector (Table 2). Last year, the corresponding figures were some FIM 300 million and 15 per cent. Facing increased competition from Far Eastern countries with cheaper labour and the growth of a domestic construction industry in many developing countries, Finnish builders can offer specialized techniques and project management, involving a minimum of Finnish personnel on the spot. Hotels and residential areas for tourism is a potential new market.

¹ For a more detailed discussion of ODA, see the article "Finland's Development Cooperation in Support of Structural Adjustment" by Kai Helenius in the November 1987 issue of the Bank of Finland Monthly Bulletin.

TABLE 2. FOREIGN INVOICING OF FINNISH CONTRACTORS IN 1980 — 1987, MILLION FIM

	1980	1981	1982	1983	1984	1985	1986	1987	Total 1980—1987
Soviet Union	1 290	1 250	1 600	2 730	1 980	1 330	1 290	1 514	12 984
Other CMEA countries	98	8	8	25	30	20	5	15	209
Western Europe and USA	68	48	37	60	83	130	80	174	680
Middle East	776	1 702	2 462	1 085	845	650	315	144	7 979
Central Africa	61	137	152	195	100	110	115	86	956
Far East	10	53	54	27	4	24	95	72	339
TOTAL (approx.)	2 300	3 200	4 300	4 100	3 050	2 250	1 900	2 000	23 150
of which developing countries	847	1 892	2 668	1 307	949	784	525	302	9 274
%	(37)	(59)	(62)	(32)	(31)	(35)	(28)	(15)	(40)

Consulting services to LDCs accounted for close to 60 per cent of all exports in this sector in 1981, while the corresponding figure for last year was only 30 per cent (Table 3). Activities are down to a minimum in the Middle East and have been falling in Africa as well. The Far East, by contrast, seems to be an expanding market. There is growing reliance on development assistance programmes, which, in fact, financed more than half of consulting services to LDCs last year. With the decline in construction exports, consultants are concentrating on other sectors such as forestry, energy, environmental services and specialized services for the public sector.

The economic importance of the service sector is difficult to assess for many reasons. Export figures can easily be misleading, as part of the expenses are local costs. Nonetheless, it is obvious that construction and consulting activities have directly created export opportunities for Finnish goods, increased the awareness of Finland as an advanced nation

with a highly skilled workforce and provided many Finns with useful experience of working abroad.

Other services play a minor role and statistics are not readily available. Tourism is naturally a source of growing surplus for certain developing countries, and this has to be borne in mind when examining their deficits on the trade side.

THE PROMOTING AND FINANCING OF EXPORTS

The setting of priorities

Opening up new markets in the developing world requires close interplay between the business community, financial institutions and government. Normally, company interests are the guiding factor, but the assessment of commercial opportunities is often based on information provided by embassies, The Finnish Foreign Trade Association and official financial institutions. Sometimes the authorities may try to stimulate interest in a market where short-term business prospects would

not seem a sufficient reason for individual companies to establish or maintain a presence.

The point of departure is whether a given country has a market for those rather specialized goods and services which Finland can competitively provide. Other factors are overall economic performance, creditworthiness, payment record and regulations relating to trade, investments and foreign companies.

Annual priorities are set on the basis of economic and political indicators and surveys of business interests. These are translated into concrete proposals for high level visits, meetings of joint economic commissions, participation in international fairs, bilateral symposia etc.

Selectivity is today's watchword. With the increased internationalization of Finnish business, there is a more realistic and precise view of where commercial opportunities lie. Accordingly, there is less need for general exploratory missions. Official efforts are concentrated on fewer countries than before, mainly in the Gulf region and the Far East. Selectivity must not mean neglect of those traditional markets where prospects are temporarily less promising, though in recent years promotional activities in e.g. Latin America and Africa have, on the whole, been less frequent and more closely tied to concrete projects than before.

The debt situation

The worsening debt situation of the developing world does not necessarily imply a reduction in the volume of trade. Some of the big debtors are huge economies, in which Finland's share of external trade is 0.2—0.3 per cent. In markets where Finnish paper or specialized high-tech goods are attractive, finance need not be a problem. In the case of weaker economies, however, development assistance becomes virtually the only source of finance. Since Finland's as-

TABLE 3. EXPORTS OF CONSULTING SERVICES IN 1981 — 1987, BY REGION, PERCENTAGE SHARES

	1981	1982	1983	1984	1985	1986	1987
Soviet Union	17.3	25.9	22.2	12.3	21.9	26.6	19.7
Other CMEA countries	0.2	0.8	1.3	1.1	0.7	1.0	0.2
Western Europe	22.2	19.2	20.7	33.3	40.5	35.4	45.4
Middle East	22.4	21.4	13.5	9.8	10.1	3.4	1.9
Africa	27.8	25.7	34.0	30.1	11.2	16.3	15.3
North America	2.4	1.0	0.7	3.3	4.5	5.8	4.4
Central and Latin America	0.7	1.2	1.5	1.0	1.2	0.8	0.8
Far East	7.0	4.8	6.1	9.1	9.9	10.7	12.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
of which developing countries	57.9	53.1	55.1	50.0	32.4	31.2	30.3

MEMORANDUM ITEM:

8 TOTAL in FIM MILL. 364 444 414 417 463 455 510

sistance focuses on a few countries, the debt problem precludes trade with a large number of LDCs.

Where economic risks are considerable, export guarantees are essential for economic cooperation. Less than one-fifth of all exports of goods to LDCs are covered by official export guarantees. This probably reflects the composition of Finnish exports, a large portion of which consists of non-investment goods with short terms of payment. Most investment goods and projects as well as most exports to high-risk countries are covered. It would also seem that only a few of the countries worst hit by the debt crisis have been significant export markets for Finland.

Finland participates in the activities of the Paris Club and has entered into several agreements on the rescheduling of debts.

There have been relatively few disputes concerning receivables of individual companies covered by export guarantees and only a small number of countries have been involved. The problem is not negligible, however, given the modest size of the Finnish companies involved and of overall trade with LDCs.

The risk-taking capacity of the export guarantee system is a determining factor when trying to diversify exports and markets. More demanding projects and potentially lucrative markets may remain out of reach, if too narrow limits are placed on the availability of guarantees. Some special arrangements for LDCs may be called for, especially as the newly-created system of concessional credits is likely to put considerable strains on the guarantee system.

Financing

Trade with developing countries is normally financed on commercial terms. There are no governmental agreements on bilateral trade, and private barter deals are very much the

exception. The terms of export credits are determined on an OECD consensus basis. Subsidies cannot form a lasting basis for economically viable trade.

In spite of the view that trade and aid are separate activities, the Government — like its counterparts in other OECD countries — has seen the need for a facility to support export credits for projects and programmes with a high development effect. This concessional credit scheme, in operation since 1987, follows the rules laid down within the OECD. Interest in the scheme has been considerable; to date there have been over 100 applications involving projects in 27 countries, normally low or middle-income economies, and with a total volume of more than FIM 3 billion. The scheme is administered by Finnish Export Credit Ltd and FINNIDA, while the final decision on the interest subsidy is taken by the Government. So far, only a few decisions have been taken, and a large number of applications will probably never reach the commercial stage, as most projects concerned are internationally tendered. The scheme will have to be continuously improved in order to meet both development and commercial requirements.

Barter deals are often advocated as a means of promoting Finnish exports where the payments situation is difficult or where there is a serious imbalance in trade. The official line is that such deals have a distorting effect on trade and national economies in the long run and that there is no mandate for a government in a market economy to enter into such transactions. With these reservations in mind, it can be noted that barter trade accounts for the bulk of one country's trade with Finland while in some other instances barter has been a necessary condition for important projects. On the whole, however, the volume of barter trade is modest, and experience of it is limited.

International development

institutions and banks provide opportunities for project exports, information on which is channelled to companies through embassies and The Finnish Foreign Trade Association. Participation in World Bank projects has lately been on the increase. Contacts between companies and regional development institutions, e.g. the Asian Development Bank, are being actively promoted.

Contacts with national financial and investment institutions, particularly in the Arab world, have recently been established with a view to exploring the possibilities of joint projects in third countries. Both these and other ideas for promoting cooperation in third countries are frequently discussed at meetings of joint economic commissions, but it seems difficult to find concrete ways of implementing them. Some useful experience has been gained through the activities of the Nordic Investment Bank, which provides finance for projects with a multi-Nordic content in developing countries.

INVESTMENTS AND ESTABLISHMENT

Finnish direct investment abroad has been growing rapidly in the 1980s. In recent years, many important developing countries have opened their economies to foreign investment with a view to stimulating technology transfer or simply providing employment through joint ventures or wholly-owned subsidiaries. Some Finnish investment in LDCs has taken place, but the attraction is modest compared with establishing in the EC or the US (Table 4). Manufacturing units are still rare, which indicates that the transfer of technology is on a narrow basis (Table 5). Only in Brazil, India, Saudi Arabia, Singapore and Malaysia are four or more Finnish manufacturing units to be found.

A government agency for stimulating investment in LDCs, FINNFUND, was set up in 1979.

TABLE 4. NET INVESTMENT BY FINNISH COMPANIES IN SUBSIDIARIES AND ASSOCIATES ABROAD IN 1980 — 1987, MILLION FIM

	1980	1981	1982	1983	1984	1985	1986	1987
EFTA	76	167	263	138	1 351	371	1 723	686
EEC	148	256	430	598	654	817	1 326	2 385
North America	161	112	289	606	286	659	334	474
Developing countries	77	52	97	94	179	160	227	115
Other	25	25	46	15	9	69	31	126
TOTAL	487	612	1 125	1 451	2 479	2 076	3 641	3 786

At the end of last year, FINNFUND had investments totalling FIM 167 million in 23 projects in 16 countries. Participation by FINNFUND requires a Finnish and local partner and takes the form of equity holdings and loans.

Problems encountered in joint venture activities include difficulties in assessing risks and profitability, meeting managerial requirements and training needs, and finding a suitable local partner. This is why government-to-government discussions on the need to promote investment seldom lead to concrete results, unless there are direct business interests involved.

IMPORT ARRANGEMENTS

There is a strong government interest in promoting imports from LDCs. In the Finnish economic system, this cannot be done through interference in commercial activities or through government purchases. One means is the advice and assistance provided to exporters of LDCs by the government sponsored PRODEC (Program for Development Cooperation). This presupposes a willingness on the part of the exporter to make a marketing effort. Such a willingness is often lacking in spite of official efforts to increase trade, mainly because Finland is a small and unknown market.

This, incidentally, explains why a considerable proportion of imports reach Finland through third countries.

Another means of import promotion is the GSP system, in force since 1972 and today covering virtually all LDCs. All industrial products are included, with the exception of certain sensitive products, e.g. textiles. Agricultural coverage is more restricted the aim being to safeguard domestic farming. The preferences have been expanded to some extent over the years, with special concessions for the LLDCs. The rate of utilization is high and there are no quotas or other restrictions involved.

The developing countries as a group naturally benefit most from those preferences which give them a competitive advantage in relation to industrialized countries, i.e. in industrial goods rather than in tropical products. It is not surprising that the biggest beneficiary is the Republic of Korea, followed by Hong Kong.

The one notable exception from the industrial coverage of the GSP system is textiles. Finland applies comparatively high duties on garments and has concluded agreements under the multi-fibre arrangement (MFA) with the most important suppliers to the Finnish market. These agreements are generally regarded as reasonably

liberal both in coverage and quotas, and textile imports from LDCs have been steadily growing. From the trade point of view the quotas have probably had the effect of diverting trade from certain efficient Asian producers to countries within the European free trade system. On the other hand it is highly doubtful whether doing away with all restrictions, including duties, would benefit a wider group of developing countries. The net result might be an increased flow of even cheaper textiles from the biggest and most efficient producers.

COOPERATION AT GOVERNMENT LEVEL

The influence of the state is present at all levels of economic activity in most developing countries. Most forms of economic cooperation thus require the active or tacit support of governmental authorities, at least in the initial stage of opening a new market. Contacts at government level primarily serve to explore opportunities and identify public and private parties interested in future cooperation. At a later stage, joint government efforts may be needed to eliminate obstacles and make shortcuts where private business finds it difficult to proceed. The standard vehicle for joint action by governments is an agreement on economic, industrial and technological cooperation (EIT).

An EIT agreement provides a framework for economic cooperation. It states the intention of the two governments to initiate and pursue cooperation in various fields and sets up a joint commission for the implementation of these intentions. Depending on the role of the administration in the other country and on prevailing economic conditions, such an agreement can, from Finland's point of view, be a necessity, a useful channel or a dormant resource. The network of EIT agreements covers virtually all of Finland's present or potential

TABLE 5. TOTAL NUMBER OF FINNISH SUBSIDIARIES AND ASSOCIATES ABROAD AS AT DECEMBER 31, 1987, BY SECTOR¹

	Manu- facturing	Sales	Financing and insurance ²	Other	Total
EFTA	114	412	9	174	709
EEC	149	460	31	248	888
Developing countries	46	78	25	91	240
Others, total	79	172	17	135	403
GRAND TOTAL	388	1 122	82	648	2 240

export markets (Table 6). Most agreements have proved fruitful. Joint commissions have identified areas — sometimes even concrete projects — of common interest, cleared up problems concerning trade and payments and opened doors for the business community in both countries.

With the increased emphasis on the role of the private sector in most LDCs, the traditional type of regular meetings between high officials in joint commissions may have outlived its usefulness. Increased direct involvement of enterprises, permanent specialized working groups and joint studies of investment opportunities are methods that are being tried out in order to revitalize the work.

Special EIT grants have been available since 1984 as "seed money" for promising projects of Finnish firms. The money can be used for feasibility studies and training purposes primarily within the framework of EIT agreements. To date some FIM 28 million has been made available for a total of 90 projects in more than 20 countries. Matching funds are provided by the Finnish firms and their counterparts in the country involved. The largest number of projects have been in China, Malaysia, Indonesia and Colombia.

Besides the EIT network, there are numerous agreements on air transport, road transport and taxation. A few agreements on the protection of investments have recently been concluded and Finland has signed the convention on the Multilateral Investment Guarantee Agency. With the increased emphasis on joint ventures, this may be an important development, and it is worth noting that the opportunities for foreign investment in Finnish companies have been enlarged as well.

PROSPECTS

Outlining the prospects for trade with LDCs calls for

TABLE 6. FINLAND'S AGREEMENTS ON ECONOMIC, INDUSTRIAL AND TECHNOLOGICAL COOPERATION WITH DEVELOPING COUNTRIES

		Year of agreement	Number of joint commission meetings
ASIA	China	1979/1987	6
	India	1974	6
	Indonesia	1987	1
	Iraq	1964	12
	Republic of Korea	1979	4
	Kuwait	1980	3
	Malaysia	1980	3
	Saudi Arabia	1976	9
	Thailand	1988	—
	United Arab Emirates	1982	2
AFRICA	Algeria	1982	1
	Egypt	1977	7
	Cameroon	1988	—
	Libya	1980	5
	Morocco	1979	2
	Nigeria	1981	1
	Senegal	1987	—
	Sudan	1980	1
	Tunisia	1965	—
LATIN AMERICA	Argentina	1980	2
	Brazil	1981	2
	Colombia	1980	3
	Mexico	1975	6
	Peru	1965	—
	Venezuela	1979	1

N.B. Agreements with Iran and Jordan are under preparation

sweeping generalizations, which will not necessarily be applicable in any individual case. A considerable number of developing countries will continue to be dependent on ODA to finance vital imports. A few newly-industrialized countries will be gradually integrated into the circle of industrialized market economies. In between there lie small but wealthy nations, huge economies with low per capita income, and middle-sized economies with good potential. Commercial prospects are often promising, but, because of political and economic conditions, not necessarily stable.

In Finland, the business community and the authorities are by now reasonably well acquainted with the markets of the developing world. Exploiting their potential should be based on selectivity in the choice of markets, perseverance in marketing efforts and deeper local involvement. The heavy costs involved normally limit participation to the big exporting companies or to smaller internationally specialized firms.

Most developing economies are becoming more market-oriented, with increasing reliance on private busi-

ness. Transfer of technology, a local partnership and direct investment may be necessary preconditions for a long-term presence in a market.

Local production based on Finnish know-how and machinery can result in products better suited to LDCs than certain traditional Finnish exports, in cases where the quality/price ratio is more geared to the demands of OECD markets.

Finance is readily available, but there is a need for more risk-taking and for less subsidies, if this can be agreed upon internationally.

Raising the developing countries' share of our total trade is no end in itself. Whose share should be correspondingly reduced? But a healthy, growing commercial relationship is a vital element in our relations with the developing world and an integral part of the internationalization of Finnish business and industry.

November 1, 1988

SCHEME FOR FINANCING DOMESTIC SUPPLIERS' CREDITS (KTR CREDITS)

In October, the Bank of Finland announced that it would discontinue the financing of domestic suppliers' credits as from the beginning of 1989.

The purpose of the scheme for financing domestic suppliers' credits, which was introduced in the 1960s, is to ensure competitive financing for Finnish suppliers during times of credit rationing. Thus the aims of the arrangement mainly relate to structural policy. Under the scheme, the Bank of Finland finances part of suppliers' credit on certain terms while banks grant the remaining financing at an interest rate determined by the Bank of Finland.

As the availability of financing has improved substantially and companies' foreign borrowing has been deregulated to a large degree, both new and outstanding commitments under the scheme have decreased significantly. Consequently, the financing of domestic suppliers' credits no longer serves its original purpose. In these circumstances, the decision to discontinue the scheme will not have any noticeable impact on financial markets.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM JANUARY 1988 TO NOVEMBER 1988

1988

JANUARY

Interest rate policy. With effect from January 1, 1988, the Bank of Finland commences to calculate and publish 3- and 5-year long-term market rates on a monthly basis. Banks may use these rates as reference rates in their lending (incl. housing loans). The long-term reference rates are based on market rates for taxable, fixed-rate bonds. Like HELIBOR rates, they are calculated on the basis of the offered rates quoted by the five largest banks.

Housing loans. With effect from the beginning of 1988, banks may, in addition to the base rate, use the 3- and 5-year market rates calculated and published by the Bank of Finland as reference rates for their new long-term housing loans.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 4.9 per cent to 5.3 per cent of the cash reserve base in January.

Special financing arrangements. The Bank of Finland decides to amend the terms applied to the financing of domestic suppliers' deliveries (KTR credits) as from the beginning of 1988. According to the new terms, the rate of interest on KTR credits is 2½ percentage points over the Bank of Finland's base rate while the Bank of Finland's share in the financing of the purchase price of a delivery is 30 per cent.

The Bank of Finland decides to abolish the

financing arrangements for new-export credits and for short-term export credits with effect from the beginning of 1989. The present terms are to be applied to these financing arrangements in 1988.

FEBRUARY

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.3 per cent to 5.7 per cent of the cash reserve base in February.

MARCH

Refinancing of crop failure loans. With effect from March 1, 1988, the Bank of Finland starts granting deposit banks one-year loans for refinancing their crop failure loans. The rate of interest on the refinancing loans, which is tied to the base rate, is 8 per cent. These loans can be granted up to 80 per cent of the total amount of the crop failure loans granted by each bank.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.7 per cent to 5.9 per cent of the cash reserve base in March.

APRIL

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.9 per cent to 6.5 per cent of the cash reserve base in April.

MAY

Interest rate policy. The Bank of Finland raises its

base rate from 7.0 per cent to 8.0 per cent as from May 16, 1988.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 6.5 per cent to 7.0 per cent of the cash reserve base in May.

AUGUST

Foreign Exchange Regulations. The Bank of Finland relaxes the foreign exchange regulations concerning foreign investments as from August 1, 1988. Private individuals and companies may acquire publicly quoted foreign securities up to the total value of FIM 300 000 as against FIM 50 000 previously. The upper limit for investment in dwellings and real estate will be raised from FIM 600 000 to FIM 1 million. Direct investments by non-financial companies no longer require prior authorization.

Till-money credits. The Bank of Finland introduces new regulations concerning till-money credits according to which the banks are henceforth required to fund part of their till-money holdings, the base amount, themselves. Interest-free till-money credits are equivalent to the banks' markka till-money holdings less the base amount. The base amount is defined on the basis of the currency held by the public. This amount is divided among the banks entitled to till-money credit in proportion to their deposit and savings accounts. As a result of

the measure, the bank's liquidity position vis-à-vis the central bank is tightened by about FIM 1 billion.

SEPTEMBER

Export deposits. The Government decides to levy export deposits of 4.5 per cent on semi-bleached and bleached sulphate pulp exported during the period September 23, 1988 to September 22, 1989. The deposits are to be made with the Bank of Finland, which will pay interest at the rate of 7.25 per cent on them.

OCTOBER

Call money market. The differential between the call money deposit rate and the call money credit rate is widened with effect from October 6, 1988. The rate on call money credits is raised from 11 per cent to 13 per cent while the rate on call money deposits is lowered from 7.5 per cent to 4 per cent.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.0 per cent to 7.3 per cent of the cash reserve base in October.

NOVEMBER

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 7.3 per cent to 7.6 per cent of the cash reserve base in November.



LAND, CLIMATE AND POPULATION

Finland covers an area of more than 338 000 square kilometres (1986). The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and the Soviet Union in the east and has a coastline bordered by the Baltic Sea in the south and west. Agricultural land accounts for 8 % of the total area, forest and other wooded land for 69 % and inland waters for 10 %. Located between latitudes 60° and 70° north, Finland has warm summers and cold winters. Helsinki on the south coast has an average maximum temperature of 22° C (72° F) in July and -4° C (25° F) in February.

Finland has a population of 4 939 000 (Dec. 31, 1987) and an average population density of 16.2 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 490 000 inhabitants, Tampere (Tammerfors) 170 000 and Turku (Åbo) 160 000.

There are two official languages: 93.6 % of the population speaks Finnish as its mother tongue and 6.1 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

FORM OF GOVERNMENT

Finland is a parliamentary democracy with a republican constitution. From the twelfth century to 1809 Finland was part of the Kingdom of Sweden. In 1809, Finland was annexed to Russia as an autonomous Grand Duchy with the Tsar as Grand Duke. On December 6, 1917 Finland declared her independence. The republican constitution adopted in 1919 remains essentially unchanged today.

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, March 1, 1988 to March 1, 1994, is Dr. Mauno Koivisto.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1987, the seats of the various parties in Parlia-

ment are distributed as follows: Social Democratic Party 56; National Coalition Party 53; Centre Party 40; People's Democratic League 16; Swedish People's Party 13; Rural Party 9; Christian League 5; the Greens 4; and the Democratic Alternative 4.

Of the 18 ministerial posts in the present government appointed in May 1987, 8 are held by Social Democrats, 7 by the National Coalition Party, 2 by the Swedish People's Party and 1 by the Rural Party. The Prime Minister is Mr. Harri Holkeri of the National Coalition Party.

Finland is divided into 461 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of four years.

INTERNATIONAL RELATIONS

Finland pursues a policy of neutrality in foreign affairs, and enjoys friendly relations with all European countries and countries elsewhere. Finland's development cooperation programmes channel assistance via international organizations and, bilaterally, to a number of African, Asian and Latin American countries.

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977 and the AfDB in 1982.

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

THE ECONOMY

Output and employment. The Finnish economy is essentially based on private enterprise, with over 80 % of

manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic product of FIM 347 billion in basic values in 1987, 3 % was generated in agriculture and fishing, 3 % in forestry, 27 % in industry, 8 % in construction, 12 % in trade, restaurants and hotels, 8 % in transport and communications, 5 % in finance and insurance, 17 % in other private services and 17 % by producers of government services. Of total employment, 10 % was engaged in primary production, 31 % in industry and construction and 59 % in services.

In 1987, expenditure on the gross domestic product in purchasers' values amounted to FIM 394 billion and was distributed as follows: net exports 0.4 % (exports 25.2 %, imports -24.8 %), gross fixed capital formation 23 %, private consumption 54% and government consumption 21%. Finland's gross tax ratio (gross taxes in relation to GDP) was 36 % and the net tax ratio (net taxes in relation to GDP) 23 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.9 % in the period 1950-60, 4.8 % in 1960-70, 3.5 % in 1970-80, 3.0 % in 1980-87 and 4.2 % in 1950-87. Finland's GDP per capita in 1987 was USD 18 100; this put Finland in ninth place among the 24 member countries of the OECD, preceded by Switzerland, Japan, the Federal Republic of Germany, the United States and the other Nordic countries.

Foreign trade. Over 80 % of Finland's trade is carried on with market economies, the most important among which are Sweden, the Federal Republic of Germany, the United Kingdom, the United States, France and Japan. Bilateral trade with the Soviet Union, which is conducted at world market prices, dominates Finland's trade with socialist countries. Finland imports mainly oil and other energy products from the Soviet Union, while her exports consist primarily of manufactured goods.

In 1987, the share of metal and engineering products in total merchandise exports was 38 %, the share of forest industry products 40 % and the share of other goods 22 %. Raw materials and intermediate goods (incl. crude oil) accounted for 57 % of merchandise imports, fuels for 5 %, invest-

ment goods for 17% and consumption goods for 21 %.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 660 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial fellings was 54 million cubic metres in 1987.

Energy. In 1987, gross consumption of primary energy amounted to 29 Mtoe, of which industry accounted for 45%, heating for 24%, transportation for 13% and other purposes for 18%. The sources of primary energy in 1987 were as follows: oil 33%, coal 12%, nuclear power 16%, hydro-electric power, peat and other indigenous sources 30%, others 9%. Compared internationally (1985), Finland's consumption of 5.5 toe per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (OECD definition) in Finland was 42%, as compared with 62% in western Europe on average.

FINANCE AND BANKING

Currency. Since 1865 Finland has had its own monetary system. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a trade-weighted currency index. As from Jan. 1, 1984 only convertible currencies have been included in the index, which may fluctuate within a range of 4.5 percentage points. The range is defined by fluctuation limits which are set by the Government at the proposal of the Bank of Finland. The present fluctuations limits are 101.3 and 106.0 (1982 = 100), where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value.

International payments. The use of the markka in foreign trade and as a eurocurrency has increased, but most international payments are effected in other currencies. Finland adopted Article VIII status at the International Monetary Fund in 1979. There are no restrictions concerning payments for merchandise or invisibles, and short-term trade finance may be acquired whenever exporters and importers see fit. Exchange controls apply mainly to financial transactions.

Outward direct investment is permitted without the Bank of Finland's authorization except in the case of direct investments by or in enterprises in the financial sector, direct investments in countries with which Finland maintains payments agreements and direct investments by private individuals. Permission for inward direct invest-

ment is granted liberally. Foreign investors may also buy shares of listed Finnish companies; however, foreign investment in markka-denominated bonds is normally prohibited at present. Finnish companies may freely raise foreign credits of at least five years' duration for their own use. Finnish residents may invest in foreign securities and real estate up to specified amounts.

Transactions with the Soviet Union, the German Democratic Republic and Bulgaria are carried out on a bilateral basis and payments are effected through clearing accounts. The necessary licencing of trade for maintaining balance in bilateral trade is carried out by the Export and Import Permits Office; the scope for suppliers' credits is also limited.

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market, determination of the external value of the currency within the fluctuation limits, direct lending and permits for international capital transactions. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 12 branch offices in other towns.

Other banks (Dec. 31, 1987). Finland has four major groups of deposit banks with a total of more than 3 500 offices. There are two big commercial banks with national branch networks and eight smaller ones, four of which are foreign-owned. The commercial banks have a total of 30 foreign branches, subsidiaries and associate banks and 30 representative offices abroad. There are 230 savings banks and 369 cooperative banks with their own extensive branch networks. The government-owned Postipankki has 56 branches and also offers basic services in post offices.

Financial markets. Of the total stock of FIM 487 billion in outstanding domestic credit at the end of 1987, 60% was provided by deposit banks, 4% by mortgage banks, 17% by insurance companies, 8% by other credit institutions and 11% by the state, local authorities and social security funds. There are no quantitative restrictions or

interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 72% of the instruments, which totalled approximately FIM 102 billion at end-September 1988, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds intermediated through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 52 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 79 billion (at end-1987). Three foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1987 totalled FIM 85 billion; government bonds made up 35% of the total. Turnover on the Stock Exchange in 1987 amounted to FIM 31 billion; the share of shares and subscription rights in the total was approximately 85%.



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1987		1988			
	Oct. 31	Dec. 31	Oct. 7	Oct. 14	Oct. 21	Oct. 31
ASSETS						
Gold and foreign currency claims	28 030	28 739	30 184	29 933	29 928	29 676
Gold	2 081	2 128	2 128	2 128	2 128	2 128
Special drawing rights	964	899	1 016	1 016	1 013	1 008
IMF reserve tranche	753	793	939	930	927	922
Convertible currencies	22 785	23 634	24 294	24 078	23 975	23 687
Tied currencies	1 447	1 284	1 807	1 781	1 885	1 931
Other foreign claims	4 470	4 357	4 233	4 231	4 216	4 210
Markka subscription to Finland's IMF quota	2 506	2 427	2 262	2 271	2 271	2 271
Term credit	1 964	1 930	1 970	1 960	1 945	1 939
Claims on financial institutions	4 921	5 147	11 576	11 415	11 428	11 795
Call money credits	49	0	56	63	35	10
Certificates of deposit	—	—	5 693	5 643	5 649	5 605
Till-money credits	2 284	2 730	2 207	2 087	2 126	2 559
Financing of crop failure loans	—	—	1 222	1 222	1 222	1 222
Bonds	2 159	2 140	2 133	2 132	2 128	2 130
Other claims on financial institutions	429	277	266	267	269	270
Claims on the public sector	968	977	1 014	1 022	1 025	1 044
Treasury notes and bills	—	—	—	—	—	19
Bonds	4	4	4	4	4	4
Total coinage	964	967	1 010	1 018	1 021	1 021
Other claims on the public sector	—	6	—	—	—	—
Claims on corporations	3 840	3 678	3 169	3 165	3 154	3 123
Financing of exports	937	868	518	523	515	506
Financing of domestic deliveries (KTR)	2 664	2 568	2 313	2 306	2 303	2 281
Bonds: KTR-credits	—	13	122	122	121	121
Bonds: Other	47	46	32	32	32	32
Other claims on corporations	191	182	182	182	182	182
Other assets	105	592	111	111	111	116
Accrued items	—	487	—	—	—	—
Other assets	105	105	111	111	111	116
Total	42 334	43 489	50 287	49 877	49 862	49 963
LIABILITIES						
Foreign currency liabilities	144	135	230	165	156	162
Convertible currencies	73	63	113	44	37	49
Tied currencies	72	72	117	121	119	113
Other foreign liabilities	3 307	3 226	3 075	3 083	3 081	3 076
IMF markka accounts	2 506	2 427	2 262	2 271	2 271	2 271
Allocations of special drawing rights	801	799	813	812	810	805
Notes and coin in circulation	9 069	9 990	10 533	10 484	10 443	10 513
Notes	8 234	9 117	9 624	9 574	9 534	9 601
Coin	835	873	908	910	910	912
Certificates of deposit	6 178	4 970	1 760	1 800	1 970	1 930
Liabilities to financial institutions	11 190	11 766	17 962	17 767	17 743	17 785
Call money deposits	159	757	444	249	230	404
Cash reserve deposits	10 984	10 941	17 464	17 464	17 464	17 328
Capital import deposits	—	—	—	—	—	—
Other liabilities to financial institutions	47	67	54	54	49	53
Liabilities to the public sector	0	901	1 565	1 574	1 574	1 575
Cheque accounts	0	1	0	0	0	1
Counter-cyclical fund deposit	—	900	900	900	900	900
Counter-cyclical deposits	—	—	665	674	674	674
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	0	—	—	—	1
Liabilities to corporations	5 028	5 009	6 655	6 651	6 649	6 685
Deposits for investment and ship purchase	4 810	4 799	6 303	6 297	6 295	6 337
Capital import deposits	206	209	338	338	338	332
Other liabilities to corporations	12	2	14	16	16	16
Other liabilities	36	757	46	39	39	46
Accrued items	—	733	—	—	—	—
Other liabilities	36	24	46	39	39	46
Valuation account and reserves	1 453	1 247	2 973	2 826	2 719	2 703
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 529	5 088	5 088	5 088	5 088	5 088
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	529	529	88	88	88	88
Profit/loss for the accounting year	—	-440	—	—	—	—
Total	42 334	43 489	50 287	49 877	49 862	49 963

1.2 TIME SERIES FOR THE BALANCE SHEET ITEMS OF THE BANK OF FINLAND,

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible currencies, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1983	1 383	226	751	5 150	7 510	550	8 060	-794	7 266	2 178	3 000	822
1984	1 732	936	859	15 303	18 830	-337	18 493	-917	17 576	1 951	4 277	2 326
1985	2 081	931	775	18 572	22 359	-285	22 074	-849	21 225	1 023	4 300	3 277
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1987												
Oct.	2 081	964	753	22 712	26 510	1 375	27 885	1 163	29 048	968	0	-968
Nov.	2 081	961	793	23 575	27 410	1 067	28 477	1 131	29 608	971	1	-970
Dec.	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988												
Jan.	2 128	879	768	24 076	27 851	2 195	30 046	1 125	31 171	979	901	-78
Feb.	2 128	1 107	792	24 059	28 086	2 257	30 343	1 123	31 466	982	901	-81
March	2 128	1 015	779	24 683	28 605	2 243	30 848	1 115	31 963	986	901	-85
April	2 128	1 065	842	26 112	30 147	3 023	33 170	1 109	34 279	989	901	-88
May	2 128	1 078	814	27 806	31 826	3 269	35 095	1 119	36 214	995	901	-94
June	2 128	1 132	956	30 054	34 270	2 399	36 669	1 146	37 815	997	1 237	240
July	2 128	923	964	29 260	33 275	2 875	36 150	1 163	37 313	997	1 246	249
Aug.	2 128	1 025	947	25 057	29 157	2 733	31 890	1 158	33 048	999	1 249	250
Sept.	2 128	1 022	945	24 270	28 365	1 675	30 040	1 149	31 189	1 011	1 566	555
Oct.	2 128	1 008	922	23 638	27 696	1 818	29 514	1 134	30 648	1 044	1 575	531

End of period	Domestic financial sector						Corporate sector			Notes and coins in circulation	Out-standing CDs issued by the Bank of Finland
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)		
	13	14	15	16	17	18	19	20	21	22	23
1983	.	5 175	5 039	942	-1 998	3 076	4 529	1 282	3 247	6 574	.
1984	.	2 802	8 696	1 563	-1 618	-2 713	4 646	2 614	2 032	7 442	.
1985	.	4 014	10 222	1 925	-1 386	-2 897	4 525	4 113	412	8 072	.
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
1987	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1987											
Oct.	-	-110	10 984	2 284	-2 541	-6 269	3 601	4 790	-1 189	9 069	6 178
Nov.	-	-1 570	11 024	2 538	-2 584	-7 472	3 561	4 772	-1 211	9 219	5 817
Dec.	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1988											
Jan.	-	-1 295	11 085	2 424	-2 364	-7 592	3 462	4 799	-1 337	9 406	6 085
Feb.	-	297	12 084	2 596	-2 346	-6 845	3 429	4 799	-1 370	9 388	7 120
March	-	598	13 211	2 521	-3 149	-6 943	3 350	4 774	-1 424	9 720	7 285
April	-	142	13 778	2 608	-3 121	-7 907	3 327	5 161	-1 834	9 794	8 345
May	-	-720	15 363	2 976	-3 504	-9 603	3 233	5 333	-2 100	10 142	7 625
June	-	1 094	17 040	3 006	-3 499	-9 441	3 129	5 929	-2 800	10 461	7 015
July	1 525	-661	17 487	2 875	-3 484	-10 264	3 131	6 203	-3 072	10 443	4 810
Aug.	4 399	421	17 612	2 042	-3 496	-7 254	3 047	6 320	-3 273	10 253	3 450
Sept.	5 506	-48	17 464	2 170	-3 591	-6 245	2 965	6 385	-3 420	10 617	1 790
Oct.	5 605	-394	17 328	2 559	-3 569	-5 989	2 908	6 471	-3 563	10 513	1 930

2. THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD MARKET

2.1 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE CALL MONEY MARKET, MILL. FIM

During period	Purchases of certificates of deposit	Sales of certificates of deposit	Matured certificates of deposit, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1983	.	.	.	.	2 659	-860	3 519
1984	.	.	.	.	-767	1 606	-2 373
1985	.	.	.	.	201	-1 011	1 212
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1987							
Oct.	—	4 240	-2 900	-1 340	29	-84	-1 227
Nov.	—	3 390	-3 785	395	6	1 466	-1 065
Dec.	—	2 910	-3 805	895	-55	-868	1 708
1988							
Jan.	160	3 915	-2 640	-1 115	2	540	-1 653
Feb.	—	3 955	-2 920	-1 035	295	-1 297	557
March	—	2 550	-2 385	-165	337	36	136
April	—	3 600	-2 540	-1 060	-217	239	-1 516
May	—	2 280	-2 820	540	-385	477	-322
June	—	2 210	-2 820	610	1 169	-645	2 424
July	1 560	—	-2 205	3 765	-1 201	554	2 010
Aug.	3 520	—	-1 190	4 710	457	-625	5 792
Sept.	1 160	210	-1 810	2 760	-415	54	2 291
Oct.	1 470	470	1 000	—	-32	314	-346

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
1983	7 541	1 227	6 314	-1 688	-2 290	2 335
1984	22 921	1 394	21 527	2 002	-19 962	3 566
1985	16 982	1 733	15 249	708	-9 005	6 951
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1987						
Sept.	20 088	718	19 369	1 535	-1 664	19 241
Oct.	20 358	1 178	19 181	284	-2 116	17 349
Nov.	20 714	1 632	19 081	85	-1 633	17 533
Dec.	21 671	1 158	20 513	-233	-1 287	18 994
1988						
Jan.	21 189	1 051	20 138	1 145	-612	20 671
Feb.	19 699	1 093	18 606	1 816	-264	20 158
March	19 494	1 171	18 323	3 112	-264	21 171
April	19 397	1 542	17 855	4 052	-648	21 259
May	18 451	1 500	16 952	6 672	-687	22 937
June	18 669	1 474	17 195	4 557	-606	21 146
July	18 309	1 505	16 805	4 678	-201	21 282
Aug.	19 248	1 479	17 769	2 147	-	19 916
Sept.	19 282	1 847	17 435	6 712	-1 216	22 930

2.3 BANKS' CENTRAL BANK POSITION, MILL. FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1983	4 131	.	4 131	1 407	.	4 337	5 744	-1 613
1984	3 176	.	3 176	3 215	.	6 324	9 539	-6 364
1985	5 812	.	5 812	4 527	.	9 578	14 105	-8 293
1986	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1987								
Oct.	19	-	19	557	5 244	10 861	16 662	-16 643
Nov.	36	-	36	679	5 897	10 985	17 561	-17 524
Dec.	10	-	10	909	5 101	11 021	17 031	-17 021
1988								
Jan.	9	6	15	1 081	5 653	10 955	17 690	-17 675
Feb.	15	-	15	546	7 583	11 114	19 242	-19 227
March	68	-	68	496	7 116	12 123	19 735	-19 668
April	122	-	122	659	7 752	13 248	21 659	-21 537
May	35	-	35	1 247	7 594	13 887	22 728	-22 693
June	47	-	47	1 306	7 620	15 419	24 344	-24 297
July	373	617	990	411	5 883	17 083	23 377	-22 387
Aug.	377	2 804	3 181	196	3 955	17 491	21 642	-18 462
Sept.	101	5 006	5 107	483	2 389	17 607	20 479	-15 372
Oct.	52	5 543	5 594	371	1 851	17 459	19 681	-14 087

3. RATES OF INTEREST

3.1 MONEY MARKET RATES AND RATES APPLIED BY THE BANK OF FINLAND, PER CENT

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	
	1	2	3	4	5	6	7	8	9
1983	..	..	..	..	..	15.37	14.87	9.00	4.3
1984	..	..	..	..	..	16.53	16.53	9.50	5.4
1985	..	..	..	..	..	13.37	13.37	9.04	5.6
1986	11.87	..	..	..	..	13.43	11.34	7.42	4.8
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8
1987									
Oct.	8.09	9.29	9.45	9.63	10.04	11.00	7.50	7.00	4.9
Nov.	8.35	9.30	9.48	9.64	10.01	11.00	7.50	7.00	4.9
Dec.	8.01	9.15	9.25	9.44	9.79	11.00	7.50	7.00	4.9
1988									
Jan.	8.09	9.07	9.21	9.35	9.71	11.00	7.50	7.00	4.9
Feb.	8.20	9.09	9.22	9.35	9.67	11.00	7.50	7.00	5.3
March	8.62	9.61	9.72	9.84	10.11	11.00	7.50	7.00	5.7
April	8.26	9.35	9.47	9.64	10.03	11.00	7.50	7.00	5.9
May	8.13	9.26	9.47	9.68	10.10	11.00	7.50	7.52	6.5
June	8.01	8.70	9.06	9.36	9.85	11.00	7.50	8.00	7.0
July	9.05	9.38	9.47	9.64	10.00	11.00	7.50	8.00	7.0
Aug.	9.97	9.96	10.00	10.13	10.42	11.00	7.50	8.00	7.0
Sept.	8.51	10.34	10.48	10.58	10.68	11.00	7.50	8.00	7.0
Oct.	7.88	10.34	10.68	10.96	11.31	12.83	4.34	8.00	7.0

3.2 WEIGHTED EURORATE (3 AND 12 CURRENCIES), PER CENT

Average of daily observations	3 currencies ¹				12 currencies ²			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
1983	7.0	7.1	7.3	7.6	..	..	..	..
1984	7.5	7.7	8.0	8.2	..	..	..	..
1985	6.8	6.9	7.0	7.2	..	..	..	..
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1987								
Oct.	5.7	6.4	6.5	6.7	7.8	8.3	8.5	8.7
Nov.	5.3	5.6	5.6	5.8	7.7	7.9	8.0	8.1
Dec.	5.5	5.5	5.5	5.7	7.7	7.8	7.9	8.1
1988								
Jan.	4.9	5.1	5.2	5.5	7.2	7.5	7.7	7.9
Feb.	5.0	5.0	5.1	5.3	7.2	7.4	7.5	7.7
March	5.0	5.0	5.1	5.4	7.3	7.4	7.5	7.7
April	5.0	5.1	5.2	5.5	7.2	7.3	7.5	7.8
May	5.0	5.2	5.5	5.8	7.3	7.5	7.6	7.9
June	5.5	5.6	5.8	6.1	7.5	7.6	7.7	8.0
July	6.2	6.5	6.7	6.8	7.9	8.2	8.3	8.5
Aug.	6.7	6.9	7.2	7.3	8.2	8.5	8.8	8.9
Sept.	6.6	6.8	7.0	7.1	8.4	8.5	8.7	8.8
Oct.	6.6	6.8	6.9	6.9	8.3	8.5	8.6	8.6

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1	3	6	12
	month	months	months	months
	1	2	3	4
1983	..	..	..	..
1984	..	..	..	..
1985	12.9	12.8	12.8	12.6
1986	12.1	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1987				
Oct.	9.2	9.4	9.5	9.9
Nov.	9.2	9.4	9.5	9.9
Dec.	9.1	9.1	9.3	9.5
1988				
Jan.	8.8	9.0	9.1	9.5
Feb.	9.0	9.1	9.2	9.5
March	9.6	9.7	9.7	9.9
April	9.3	9.4	9.6	9.9
May	9.2	9.4	9.6	10.0
June	8.7	9.0	9.3	9.8
July	9.3	9.4	9.6	9.9
Aug.	9.9	9.9	10.1	10.4
Sept.	10.2	10.4	10.4	10.6
Oct.	10.2	10.5	10.8	11.0

¹ DEM 60 per cent, USD 30 per cent, GBP 10 per cent.

² Weighted according to their relative shares in the Bank of Finland currency index.

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

End of period	Lending				Average lending rate	Of which: Commercial banks	Savings accounts and ordinary deposit accounts	12-month time deposits	24-month time deposits	Deposits		
	New credits ¹			New lending, total						Average rate of interest on regulated deposits	Average rate of interest on unregulated deposits	Average rate of interest on total deposits
	Cheque account and postal giro credits	Bills of exchange	Loans									
	1	2	3	4	5	6	7	8	9	10	11	12
1983	..	..	..	..	10.39	10.18	5.25	8.00	9.25	6.08	13.55	..
1984	..	..	..	..	10.67	10.68	5.25	8.00	9.25	6.22	15.43	7.30
1985	11.49	12.61	10.34	11.08	10.37	10.37	4.75	7.50	8.75	5.91	13.24	6.81
1986	10.89	12.45	9.86	10.72	8.82	8.81	2.75	5.75	7.00	4.43	11.84	5.35
1987	10.68	11.95	9.81	10.23	9.12	8.99	2.75	5.75	7.00	4.56	10.13	5.29
1987												
Sept.	10.57	12.14	9.93	10.47	9.06	8.95	2.75	5.75	7.00	4.48	9.77	5.29
Oct.	10.65	12.22	10.03	10.49	9.08	8.97	2.75	5.75	7.00	4.50	9.69	5.34
Nov.	10.58	12.15	10.01	10.54	9.12	9.02	2.75	5.75	7.00	4.50	9.64	5.36
Dec.	10.68	11.95	9.81	10.23	9.12	8.99	2.75	5.75	7.00	4.56	9.61	5.40
1988												
Jan.	10.27	12.21	9.82	10.25	9.15	9.03	2.75	5.75	7.00	4.57	9.51	5.38
Feb.	9.56	11.82	10.04	10.24	9.17	9.05	2.75	5.75	7.00	4.55	9.43	5.40
March	9.87	12.17	10.23	10.42	9.20	9.07	2.75	5.75	7.00	4.57	9.49	5.52
April	9.17	12.09	10.27	10.16	9.25	9.12	2.75	5.75	7.00	4.59	9.54	5.56
May	12.31	12.33	10.63	11.01	10.03	9.89	3.75	6.75	8.00	5.39	9.51	6.22
June	10.28	12.50	10.55	10.78	10.07	9.89	3.75	6.75	8.00	5.37	9.46	6.20
July	11.29	12.60	10.72	11.08	10.08	9.91	3.75	6.75	8.00	5.45	9.44	6.30
Aug.	11.04	12.55	10.75	11.07	10.12	9.95	3.75	6.75	8.00	5.48	9.63	6.42
Sept.	12.24	12.53	10.81	11.14	10.19	10.06	3.75	6.75	8.00	5.56	9.83	6.56

¹Average rate of interest for period

3.5 RATES OF INTEREST ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market rates						Rates of issue		
	Long-term unregulated market rate		Taxable government bonds	Taxable public issues	Of which:		Taxfree public issues	Taxable public issues	Taxfree public issues
	3 years	5 years			Financial institutions	Corporations			
	1	2	3	4	5	6	7	8	9
1983	..	..	.	13.1	..	..	10.3	13.1	10.9
1984	..	..	.	14.0	..	..	10.6	13.6	11.1
1985	..	..	.	12.7	..	..	10.1	12.7	10.6
1986	..	..	.	11.7	..	..	8.3	11.3	8.8
1987	..	..	.	11.2	11.1	11.2	8.1	10.7	7.9
1987									
Sept.	..	..	.	10.9	10.6	11.0	8.2	10.4	8.0
Oct.	..	..	.	10.9	11.0	10.9	8.1	10.4	7.8
Nov.	..	..	10.5	10.8	10.7	10.8	8.0	10.1	7.6
Dec.	10.3	10.4	10.4	10.5	10.4	10.5	7.8	10.2	7.7
1988									
Jan.	10.2	10.3	10.5	10.4	10.2	10.2	7.7	10.5	7.4
Feb.	10.2	10.3	9.9	10.6	10.3	10.8	7.7	10.0	7.5
March	10.4	10.5	10.0	10.4	10.4	10.4	7.8	10.2	7.4
April	10.4	10.6	10.0	10.4	10.3	10.4	7.6	10.1	7.4
May	10.5	10.6	10.3	10.5	10.5	10.5	7.7	10.1	7.2
June	10.3	10.5	10.3	10.4	10.3	10.5	7.8	10.4	7.2
July	10.3	10.5	10.6	10.4	10.4	10.6	8.1	9.8	7.2
Aug.	10.5	10.7	10.7	10.6	10.5	10.7	8.0	10.5	7.2
Sept.	10.7	10.8	10.6	10.7	10.8	10.5	8.2	10.7	7.2

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt a.M.	Amsterdam	Brussels	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEC	1 BEL
	1	2	3	4	5	6	7	8	9	10	11
1983	5.570	4.524	8.456	6.957	0.7275	0.7644	0.6107	2.1861	1.9566	0.10934	0.10742
1984	6.010	4.645	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	0.11735
1987											
Oct.	4.361	3.337	7.249	6.489	0.6872	0.6591	0.6301	2.4196	2.1504	0.11629	0.11576
Nov.	4.138	3.151	7.354	6.551	0.6827	0.6462	0.6382	2.4617	2.1875	0.11772	0.11722
Dec.	4.043	3.096	7.399	6.584	0.6813	0.6352	0.6422	2.4753	2.1998	0.11837	0.11785
1988											
Jan.	4.036	3.143	7.288	6.505	0.6775	0.6373	0.6369	2.4456	2.1764	0.11702	0.11669
Feb.	4.120	3.251	7.249	6.473	0.6819	0.6435	0.6355	2.4290	2.1632	0.11622	0.11597
March	4.053	3.247	7.426	6.463	0.6822	0.6410	0.6313	2.4160	2.1513	0.11557	0.11527
April	4.010	3.251	7.530	6.414	0.6821	0.6470	0.6250	2.3984	2.1379	0.11469	0.11409
May	4.030	3.263	7.541	6.370	0.6837	0.6530	0.6220	2.3811	2.1249	0.11406	0.11338
June	4.163	3.422	7.437	6.382	0.6853	0.6547	0.6255	2.3781	2.1157	0.11375	0.11320
July	4.383	3.634	7.489	6.403	0.6925	0.6548	0.6263	2.3806	2.1111	0.11378	0.11273
Aug.	4.469	3.660	7.601	6.369	0.6910	0.6498	0.6198	2.3692	2.0986	0.11314	0.11162
Sept.	4.427	3.611	7.462	6.371	0.6885	0.6419	0.6183	2.3732	2.1034	0.11325	0.11181
Oct.	4.315	3.582	7.492	6.349	0.6883	0.6401	0.6153	2.3699	2.1019	0.11311	0.11197

Average of daily quotations	Zurich	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Tokyo	Moscow	Melbourne	ECU	SDR
	1 CHF	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESB	1 JPY	1 SUR	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22	23
1983	2.6570	0.7353	0.00369	0.3111	0.0514	2.2325	0.0391	0.02351	7.491	..	..	5.94325
1984	2.5642	0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14739
1985	2.5360	0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879
1986	2.8349	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432
1987	2.9563	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1987												
Oct.	2.9163	0.7262	0.00336	0.3441	0.0308	0.1152	0.0369	0.03044	6.928	3.135	5.020	5.63821
Nov.	2.9957	0.7266	0.00336	0.3501	0.0306	0.1140	0.0367	0.03061	6.838	2.863	5.076	5.57249
Dec.	3.0403	0.7316	0.00338	0.3519	0.0305	0.1135	0.0366	0.03151	6.820	2.891	5.105	5.57906
1988												
Jan.	3.0050	0.7259	0.00333	0.3479	0.0301	0.1128	0.0361	0.03170	6.786	2.894	5.048	5.54743
Feb.	2.9625	0.7204	0.00330	0.3461	0.0300	0.1130	0.0361	0.03190	6.832	2.962	5.014	5.57446
March	2.9243	0.7135	0.00328	0.3441	0.0298	0.1060	0.0362	0.03189	6.786	2.989	5.001	5.54669
April	2.9001	0.7081	0.00324	0.3416	0.0296	0.1057	0.0363	0.03209	6.767	3.021	4.976	5.52717
May	2.8592	0.7045	0.00322	0.3390	0.0294	0.1006	0.0361	0.03232	6.760	3.158	4.949	5.53394
June	2.8577	0.7063	0.00321	0.3384	0.0294	0.0963	0.0361	0.03277	6.856	3.381	4.938	5.59796
July	2.8657	0.7077	0.00323	0.3388	0.0295	0.0977	0.0360	0.03296	7.026	3.523	4.947	5.70985
Aug.	2.8246	0.7014	0.00321	0.3373	0.0294	0.0981	0.0362	0.03344	7.091	3.620	4.931	5.76379
Sept.	2.8112	0.6992	0.00320	0.3377	0.0291	0.0971	0.0358	0.03295	7.038	3.527	4.917	5.71616
Oct.	2.7995	0.6963	0.00319	0.3374	0.0290	0.0940	0.0360	0.03347	6.998	3.509	4.911	5.68200

4.2. CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index ¹	Other currency indices		Currency	Weights of the Bank of Finland currency index As from September 13, 1988
		Payments currency index ¹	MERM index		
	1	2	3		4
1983	104.1	108.3	109.9	USD	7.8
1984	102.8	108.5	111.6	GBP	13.4
1985	102.5	109.4	112.5	SEK	20.6
1986	103.9	106.3	110.4	NOK	4.9
1987	103.3	100.7	106.1	DKK	5.0
				DEM	19.9
1987				NLG	4.9
Oct.	102.5	99.6	105.3	BEC	3.2
Nov.	102.7	98.6	103.9	CHF	2.7
Dec.	102.9	100.4	103.7	FRF	6.7
				ITL	4.9
1988				JPY	6.0
Jan.	102.2	100.3	103.4		
Feb.	102.2	100.6	104.1		
March	102.0	100.2	103.4		
April	101.8	99.8	103.0		
May	101.7	99.7	103.1		
June	101.9	100.5	104.5		
July	102.7	102.1	106.6		
Aug.	102.7	102.6	107.2		
Sept.	102.2	102.0	106.4		
Oct.	102.0	101.4	105.8		

¹The base 1982=100 has been applied since January 1, 1984. The figures before that date are based on the earlier index of 1974=100, but they have been rebased to the current base.

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

End of period	Demand deposits	Time deposits	Investment accounts	Markka deposits, total (1+2+3)	Foreign currency deposits	Unregulated deposits	Total deposits (4+5+6)
	1	2	3	4	5	6	7
1983	14337	93551	.	107888	5101	7700	120688
1984	16975	108118	.	125093	4960	11287	141340
1985	19268	125366	1781	146415	6192	13998	166605
1986	18393	137521	3423	159337	4306	17271	180914
1987*	20377	155115	5243	180735	3923	17892	202550
1987*							
Aug.	21610	149397	4574	175581	4189	20162	199933
Sept.	21090	148720	4777	174586	4259	22539	201384
Oct.	21583	149465	5000	176048	3794	25321	205163
Nov.	21631	149098	5194	175923	5174	22478	203575
Dec.	20377	155115	5243	180735	3923	17892	202550
1988*							
Jan.	21169	156355	5419	182943	3646	25188	211777
Feb.	21901	157511	5531	184943	4121	25166	214230
March	21079	158431	5769	185279	5022	28512	218813
April	22028	159921	5850	187799	4870	32965	225634
May	23753	161340	5835	190928	4280	32383	227592
June	26163	164253	5900	196317	4169	27307	227793
July	24369	166174	5910	196454	4362	37097	237913
Aug.	24438	167010	5904	197352	4406	39645	241402

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1983	4350	7264	97362	108977	17253	126231
1984	5233	7644	111280	124157	20363	144520
1985	6313	7471	132668	146451	24704	171155
1986	7542	6354	152335	166231	25016	191246
1987*	8507	5177	178698	192382	36954	229336
1987*						
Aug.	8392	5499	167896	181787	31538	213324
Sept.	8697	5453	170322	184472	33160	217632
Oct.	8739	5286	172968	186994	35895	222889
Nov.	8974	5174	175284	189431	36635	226066
Dec.	8507	5177	178698	192382	36954	229336
1988*						
Jan.	8703	4966	182310	195979	38182	234161
Feb.	8908	5070	186023	200000	40372	240372
March	9125	4734	189554	203413	41454	244867
April	9298	4796	192940	207033	42291	249323
May	9300	4756	196938	210994	44727	255720
June	9643	4809	200832	215283	47807	263090
July	9436	4722	203911	218068	47301	265370
Aug.	9907	4767	207885	222560	47085	269644

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)
		Claims on the central government	Claims on the public	Total (2+3)			
	1	2	3	4	5	6	7
1983	-6081	-3297	152199	148902	-20915	21427	121906
1984	-2575	-5483	176694	171211	-26978	24945	141658
1985	-6641	-8694	209231	200537	-27244	27694	166652
1986	-16784	-13884	237514	223630	-27522	27838	179324
1987	-25484	-14977	277068	262090	-36145	30342	200461
1987							
Aug.	-21425	-7994	258743	250749	-34109	30991	195215
Sept.	-23440	-9092	263257	254165	-36404	30360	194321
Oct.	-23445	-9941	268569	258628	-39961	30729	195222
Nov.	-23021	-14346	271682	257337	-38052	30757	196264
Dec.	-25484	-14977	277068	262090	-36145	30342	200461
1988*							
Jan.	-25529	-11911	281442	269532	-41636	31049	202367
Feb.	-25237	-14698	285874	271176	-41121	31932	204819
March	-27061	-14196	291175	276979	-43386	31300	206532
April	-26376	-14601	295527	280926	-44961	32144	209589
May	-29452	-13068	302073	289005	-47122	34237	212432
June	-31339	-14240	308714	294474	-44552	36824	218583
July	-31862	-13831	312650	298819	-47602	35182	219356
Aug.	-33160	-14690	317063	302373	-48881	35520	220332

5.4 LIABILITIES AND ASSETS OF THE CENTRAL GOVERNMENT, MILL. FIM

End of period	Foreign debt			Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds	
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills				Total (5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
1983	14127	3391	4205	21723	9506	4377	2518	16401	38124	31187	5042
1984	16513	2666	5767	24946	12037	4520	2766	19323	44269	33816	6300
1985	17316	2703	5658	25677	14994	4107	2203	21304	46981	36033	6383
1986	17905	3038	6038	26981	18059	4481	2474	25013	51994	38028	11686
1987	20407	2697	5576	28680	22121	4692	3018	29831	58511	40328	11553
1987											
Sept.	18139	2387	5858	26384	20576	4443	2216	27235	53619	39896	6750
Oct.	19136	2418	5758	27312	21328	4494	2481	28303	55615	40199	8084
Nov.	19820	2591	5711	28122	22034	4490	2731	29255	57377	40299	13109
Dec.	20407	2697	5576	28680	22121	4692	3018	29831	58511	40078	11553
1988											
Jan.	19750	2645	5465	27860	22663	4678	3328	30669	58529	40631	8842
Feb.	19665	2463	5404	27532	23053	4643	3713	31409	58941	40885	10300
March	19638	2244	5390	27272	23286	4627	4163	32076	59348	41143	11116
April	20395	2225	5361	27981	23778	4713	4133	32624	60605	41360	11243
May	20370	2207	5342	27919	23846	4631	4013	32490	60409	41424	10286
June	21356	2244	5135	28735	23833	4871	4035	32739	61474	41754	11713
July	20860	2236	5156	28252	23838	4969	3910	32717	60969	42074	11993
Aug.	20652	1865	5129	27646	23834	4983	3850	32667	60313	41986	12504
Sept.	20200	1847	5098	27145	23767	4979	3580	32326	59471	..	..

5.5 DOMESTIC BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1983	2035	5602	3890	77	10	1151	3882	6581	11614
1984	2528	6167	5073	112	32	1947	5336	6629	13912
1985	4799	9112	5994	435	33	8070	6394	5909	20373
1986	4976	10638	6532	422	105	5987	7487	9199	22674
1987	4477	9510	8119	206	69	9409	8830	4142	22380
1987									
Sept.	635	1819	331	—	—	1260	1070	455	2786
Oct.	851	1174	1083	4	—	2024	974	114	3112
Nov.	336	1050	841	—	11	1334	450	454	2238
Dec.	347	757	101	—	18	714	101	408	1222
1988									
Jan.	251	5	1370	—	—	108	1370	148	1626
Feb.	260	968	631	63	—	874	806	241	1922
March	203	1254	841	—	11	719	1376	215	2310
April	112	85	1487	—	—	540	55	1089	1684
May	64	783	792	—	—	829	792	18	1639
June	114	832	40	13	—	756	40	202	998
July	523	360	10	74	—	445	10	512	967
Aug.	314	474	576	100	—	772	576	116	1463
Sept.	13	903	127	—	—	378	482	183	1042

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
1	2	3	4	5	6	7	8	9	
1983	5027	15039	11869	152	11	1954	12057	18086	32098
1984	6766	19960	14904	247	43	3531	15148	23242	41921
1985	10482	26173	18575	661	56	10967	19002	25978	55947
1986	14076	31902	22090	1042	177	16432	23314	29541	69287
1987	17524	36700	26518	1200	232	24778	28223	29173	82174
1987									
II	15558	33079	23623	1168	213	19178	25906	28556	73640
III	16353	33703	24707	1218	213	20674	26781	28738	76194
IV	17524	36700	26518	1200	232	24778	28223	29173	82174
1988*									
I	18006	38603	27626	1251	253	26479	29606	29654	85739
II	17915	39636	28420	1250	246	28404	29620	29443	87468

5.6 HELSINKI STOCK EXCHANGE

During period	Turnover, mill. FIM			Share prices Unitas Index ¹ , 1975 = 100		
	Shares and subscription rights	Bonds and debentures	Total (1+2)	Banks	Industry	Overall index
	1	2	3	4	5	6
1983	1390	2356	3746	144	194	190
1984	2508	5007	7515	193	273	259
1985	3114	9046	12160	184	234	229
1986	9488	6479	15968	254	357	350
1987	26641	4604	31245	319	603	546
1987						
Sept.	2962	172	3133	351	707	635
Oct.	4099	138	4237	379	708	643
Nov.	2275	253	2527	360	631	578
Dec.	1701	1241	2942	328	611	558
1988						
Jan.	994	75	1069	318	600	547
Feb.	1491	248	1739	340	625	572
March	2720	418	3138	347	658	600
April	2527	357	2884	373	707	645
May	2618	649	3266	386	738	672
June	4134	1689	5823	429	784	720
July	3765	353	4117	453	806	747
Aug.	3614	298	3911	458	809	752
Sept.	2149	270	2419	432	763	704

¹ Average of daily observations

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1983	67960	5765	2851	6159	14775	82735	3067	3310	89112	70731	2565	3599	4467
1984	78961	6580	3039	5610	15229	94190	4537	3624	102351	73496	2572	4250	5819
1985	82475	6216	3258	6224	15698	98173	5847	3791	107811	80764	2545	5031	6554
1986	81066	5757	3195	5616	14568	95634	4510	3609	103752	76736	2160	5587	5415
1987*	83606	5819	3729	6054	15601	99208	5075	2899	107182	81941	2345	6821	6578
1986													
I	19711	1390	564	960	2914	22625	1152	887	24665	20598	439	1163	1256
II	17774	1440	780	1146	3366	21140	1209	902	23251	15507	561	1425	1306
III	20928	1533	1126	1191	3850	24778	907	894	26579	20637	572	1631	1298
IV	22652	1394	724	2319	4439	27091	1241	926	29258	19995	588	1367	1555
1987*													
I	20035	1322	666	1288	3275	23311	1130	794	25234	19542	498	1477	1479
II	21300	1491	934	1435	3859	25159	1175	715	27049	20522	601	1684	1536
III	20847	1573	1333	1541	4446	25293	1115	696	27104	20272	604	1921	1469
IV	21424	1433	797	1791	4021	25445	1655	694	27795	21605	642	1739	2094
1988*													
I	20720	1305	703	1576	3584	24304	1653	810	26767	19719	698	1616	1796
II	22581	1473	1035	1603	4111	26692	1614	838	29144	23309	794	1761	1487

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1983	10631	81361	8875	4094	94331	-2771	3200	-748	1692	4144	1373	-5808	-784	-5219
1984	12641	86137	11298	5010	102445	5465	4008	-1211	-209	2588	8053	-6761	-1385	-93
1985	14130	94893	12134	5300	112327	1711	3671	-1773	-330	1568	3279	-6287	-1509	-4517
1986	13162	89898	11719	5964	107580	4329	3597	-2392	201	1406	5735	-7209	-2355	-3828
1987*	15744	97685	12563	5434	115682	1666	3473	-3092	-524	-143	1523	-7488	-2535	-8500
1986														
I	2858	23456	2950	1466	27871	-886	951	-600	-296	55	-831	-1798	-578	-3206
II	3293	18800	3291	1439	23530	2268	879	-645	-161	72	2340	-2082	-538	-280
III	3501	24138	2495	1347	27981	291	962	-506	-107	349	640	-1588	-454	-1402
IV	3510	23504	2982	1711	28198	2657	806	-641	764	929	3586	-1741	-785	1060
1987*														
I	3454	22996	2901	1639	27536	493	824	-812	-191	-178	315	-1771	-846	-2302
II	3822	24343	3624	1182	29150	779	890	-751	-102	38	816	-2450	-468	-2101
III	3994	24266	2660	1196	28122	575	968	-588	72	452	1027	-1545	-500	-1018
IV	4475	26080	3378	1416	30874	-181	791	-942	-303	-454	-635	-1723	-722	-3079
1988*														
I	4110	23829	4089	1729	29646	1001	606	-912	-219	-526	476	-2436	-919	-2879
II	4042	27351	3819	1395	32565	-728	680	-726	116	69	-659	-2205	-557	-3421

6.2 CAPITAL ACCOUNT, MILL. FIM

During period	Direct investment in Finland	Portfolio investment in government	Long-term credits				Imports of other long-term capital (1+2+6+7)	Imports of long-term capital (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Exports of other long-term capital (9+10+11+12)	Exports of long-term capital (9+10+11+12)	Long-term capital account (8-13)
			Central	Author-ized	Others	Total (3+4+5)								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	88	..	2554	323	-38	2839	652	3579	1452	..	-423	676	1705	1874
1984	324	1492	2598	2861	1090	6549	68	8433	2479	..	1682	-1960	2201	6232
1985	392	4264	1556	1489	442	3487	140	8283	2073	78	-1313	948	1786	6497
1986	1627	646	-63	5935	-482	5390	87	7750	3641	489	-381	702	4451	3299
1987*	430	-1626	2287	5383	2843	10513	91	9408	3785	1691	181	3104	8761	647
1986														
I	86	94	-722	1246	62	586	-65	701	357	-15	-241	9	110	591
II	56	710	596	1040	-194	1442	17	2225	925	89	111	118	1243	982
III	273	-206	16	1412	-105	1323	83	1473	1152	279	-110	405	1726	-253
IV	1212	48	47	2237	-245	2039	52	3351	1207	136	-141	170	1372	1979
1987*														
I	131	-387	1640	1756	873	4269	79	4092	778	124	265	2486	3653	440
II	199	6	-442	1530	1257	2345	-55	2495	1173	925	-145	55	2008	488
III	17	-271	-1018	945	551	478	12	236	653	637	112	83	1485	-1248
IV	83	-974	2107	1472	-158	3421	55	2585	1181	5	-51	482	1617	969
1988*														
I	63	71	-857	361	3230	2734	89	2957	982	421	6	532	1941	1016
II	53	-140	1171	2356	1593	5120	-42	4991	2837	83	1039	431	4390	601

During period	Basic balance	Short-term capital imports of authorized banks	Import liabilities and prepayments related to exports	Imports of short-term capital (16+17)	Short-term capital exports of authorized banks	Export receipts of prepayments related to imports	Exports of short-term capital (19+20)	Other short-term capital incl. or- rors and omissions	Short-term capital account (18-21+22)	Overall balance excl. reserve movements (15+23)	Change in central bank's foreign exchange reserves (26+27)	Of which:	
												Convertible reserves	Tied reserves
	15	16	17	18	19	20	21	22	23	24	25	26	27
1983	-3344	7594	2121	9714	6328	2228	8556	24	1182	-2162	2162	1187	975
1984	6138	16080	944	17024	13994	-2811	11183	-2704	3137	9275	-9275	-10142	867
1985	1980	6890	350	7240	1623	1732	3355	-2121	1764	3744	-3744	-3729	-15
1986	-529	6019	-3796	2222	11791	-92	11699	2075	-7402	-7930	7930	11678	-3748
1987*	-7853	16252	476	16728	-5739	-183	-5922	939	23589	15736	-15736	-17817	2081
1986													
I	-2616	-736	1232	496	1649	-15	1634	592	-547	-3162	3162	3945	-782
II	703	1999	-4636	-2636	4813	-15	4798	3496	-3938	-3236	3236	4161	-925
III	-1655	3185	1216	4401	5317	-31	5286	326	-559	-2213	2213	3455	-1242
IV	3039	1571	-1609	-38	12	-31	-19	-2339	-2358	681	-681	117	-798
1987*													
I	-1862	2656	1065	3720	-4959	-118	-5077	-700	8098	6236	-6236	-7020	785
II	-1614	7672	70	7741	1924	-118	1806	1915	7850	6237	-6237	-5569	-667
III	-2266	8339	-404	7935	3376	27	3403	-1630	2903	637	-637	-2407	1771
IV	-2111	-2415	-255	-2669	-6081	27	-6054	1353	4738	2627	-2627	-2820	193
1988*													
I	-1863	6495	-1489	5005	3511	-288	3223	2421	4204	2341	-2341	-1295	-1046
II	-2820	11737	1941	13678	4623	-288	4335	-1805	7538	4718	-4718	-4661	-57

6.3 FINLAND'S FOREIGN LIABILITIES AND ASSETS, MILL. FIM

End of period	Long-term liabilities							Long-term assets					Long-term debt, net (8-13)	
	Direct investment in Finland	Portfolio investment in Finland	Long-term credits			Other long-term capital	Total (1+2+6+7)	Direct investment abroad	Portfolio investment abroad	Long-term export credits	Other long-term capital	Total (9+10+11+12)		
			Central government	Authorized banks	Others									Total (3+4+5)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1983	2317	848	21740	2419	33749	57909	444	61518	6166	..	6612	4051	16829	44689
1984	2905	2013	24928	5960	37227	68116	512	73546	8689	..	8920	2097	19706	53840
1985	3274	6313	25678	6410	34276	66364	652	76603	10524	78	6539	3053	20194	56409
1986	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
1987*	5283	3964	27861	17365	33088	78314	830	88391	16647	2258	5242	6618	30765	57626
1986														
I	3351	6407	25126	7546	32986	65659	587	76004	10697	63	6103	3033	19896	56108
II	3414	7117	26548	8708	33159	68417	604	79552	11719	152	6158	3148	21177	58375
III	3687	6911	26710	10063	32664	69438	687	80723	12601	431	5865	3527	22424	58299
IV	4892	6959	26292	11992	32044	70330	739	82920	13727	567	5649	3685	23628	59292
1987*														
I	5013	6572	27361	13447	31978	72787	818	85190	14166	691	5660	6105	26622	58568
II	5209	6578	26967	15024	33267	75259	763	87809	15347	1616	5527	6165	28655	59154
III	5213	6307	25679	15800	33472	74952	775	87247	15812	2253	5478	6229	29772	57475
IV	5283	3964	27861	17365	33088	78314	830	88391	16647	2258	5242	6618	30765	57626
1988*														
I	5308	4035	26637	17594	35883	80114	919	90376	17538	2679	5250	7142	32609	57767
II	5410	3895	28383	20464	38230	87077	877	97259	20928	2762	6488	7671	37849	59410

End of period	Short-term liabilities				Short-term assets				Short-term liabilities, net (18-22)	Debt, net (14+23)	Debt service payments	Of which: repayments	Debt service ratio
	Bank of Finland's term liabilities	Short-term liabilities of authorized banks	Trade credits and other liabilities	Total (15+16+17)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits and other assets	Total (19+20+21)					
1983	5705	39443	16181	61328	11842	29263	15915	57020	4308	48997	10875	4914	12.2
1984	4562	55695	17988	78245	22912	43319	12804	79035	-790	53050	11586	4613	11.3
1985	4070	51374	17354	72798	25183	38775	18155	82113	-9314	47095	11287	4808	10.5
1986	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	13462	6018	13.0
1987*	3362	73132	15601	92095	31134	44874	16324	92333	-238	57388	14150	6516	13.2
1986													
I	3659	50424	18671	72754	21647	40424	18037	80109	-7354	48754	3967	2118	16.1
II	3499	52647	14162	70308	18470	45237	18213	81921	-11612	46763	3307	1176	14.2
III	3565	55602	15410	74577	16168	50554	18131	84854	-10277	48022	2452	834	9.2
IV	3455	56881	13240	73575	16613	50613	18381	85608	-12032	47260	3737	1890	12.8
1987*													
I	3521	59536	15714	78771	22482	45655	17829	85966	-7195	51373	3200	1411	12.7
II	3490	67208	15863	86561	28680	47579	18073	94332	-7771	51383	3994	1496	14.8
III	3607	75547	16500	95654	29291	50955	17836	98081	-2427	55048	2770	1217	10.2
IV	3362	73132	15601	92095	31134	44874	16324	92333	-238	57388	4186	2392	15.1
1988*													
I	3467	79627	12629	95723	33515	48385	16268	98168	-2445	55322	4233	1773	15.8
II	3177	91364	14417	108958	39025	53008	15974	108006	952	60362	3518	1289	12.1

6.4 FINLAND'S LONG-TERM FOREIGN LIABILITIES AND ASSETS, BY SECTOR, MILL. FIM

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (5-10)
	Corporate sector	Financial institutions	Central government	Local government	Total (1+2+3+4)	Corporate sector	Financial institutions	Central government	Other	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1983	30082	8541	22184	710	61518	12791	2472	1447	119	16829	44689
1984	34012	13366	25440	728	73546	17624	222	1678	182	19706	53840
1985	35709	13980	26330	585	76603	17102	859	1955	279	20194	56409
1986	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
1987*	32456	26734	28691	511	88391	23375	4007	2653	730	30765	57626
1986											
I	34646	15090	25713	555	76004	16839	765	1970	321	19896	56108
II	35001	16847	27152	551	79552	17906	849	2056	366	21177	58375
III	34231	18554	27397	541	80723	18462	1360	2191	412	22424	58299
IV	35210	20169	27031	509	82920	19209	1591	2309	520	23628	59292
1987*											
I	34716	21814	28179	481	85190	19717	3876	2458	572	26622	58568
II	35601	24004	27730	474	87809	21633	3936	2465	621	28655	59154
III	35045	25209	26454	539	87247	22656	3919	2519	677	29772	57475
IV	32456	26734	28691	511	88391	23375	4007	2653	730	30765	57626
1988*											
I	34218	28096	27556	506	90376	24599	4371	2851	788	32609	57767
II	36037	31460	29260	503	97259	29286	4784	2887	893	37849	59410

7. FOREIGN TRADE¹

7.1 EXPORTS, IMPORTS AND THE TRADE BALANCE, MILL. FIM

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1983	69692	71528	-1836
1984	80904	74682	6222
1985	84028	81520	2508
1986	82579	77601	4978
1987	85306	82801	2505
1987			
Sept.	8044	7081	963
Oct.	7895	7318	577
Nov.	6964	7482	-518
Dec.	7000	7000	—
1988*			
Jan.	6879	6874	5
Feb.	6722	6050	672
March	7532	6939	593
April	7579	7487	92
May	8683	8283	400
June	6724	7733	-1009
July	6413	7091	-678
Aug.	7254	8405	-1151
Sept.	8416	8719	-303

7.2 FOREIGN TRADE: INDICES OF VOLUME, UNIT VALUE AND TERMS OF TRADE, 1980=100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1983	104	98	127	125	101
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111
1987	118	119	138	119	116
1986					
I	113	110	134	129	103
II	104	90	133	122	109
III	116	119	138	120	116
IV	128	115	136	121	112
1987					
I	114	113	136	120	113
II	120	120	137	119	115
III	116	116	140	121	115
IV	119	126	140	119	117
1988*					
I	115	115	140	119	117
II	123	133	141	121	116

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1983	6944	19327	8524	20211	14686	32209	17554	10860	10572	333
1984	7145	23573	10176	22998	17012	35162	16900	10993	11454	173
1985	6728	25030	9803	24412	18055	38676	17770	11675	12967	432
1986	6947	24600	7858	26115	17059	39292	10070	12898	15069	272
1987	7449	26691	7823	26347	16996	41066	9623	14074	17412	626
1987										
Sept.	666	2496	688	2629	1565	3503	964	1047	1547	20
Oct.	670	2500	624	2493	1608	3634	845	1151	1579	109
Nov.	664	2168	563	2077	1492	3713	720	1436	1622	-9
Dec.	569	2059	754	2339	1279	3407	994	1197	1374	28
1988*										
Jan.	569	2472	623	2021	1194	3486	780	1270	1340	-2
Feb.	543	2284	707	1626	1562	3194	360	990	1466	40
March	627	2746	690	2108	1361	3470	354	1285	1820	10
April	672	2368	639	2652	1248	3673	587	1321	1900	6
May	735	2466	736	3241	1505	4130	720	1464	1959	10
June	626	2281	599	1892	1326	3721	820	1584	1580	28
July	537	2344	628	1761	1143	3369	735	1310	1604	73
Aug.	545	2657	648	1921	1483	4126	792	1455	1964	68
Sept.	612	2866	780	2508	1650	3991	905	1673	2139	11

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1987		1988*		1987		1988*	
	Mill. FIM	Percentage share	January-September		Mill. FIM	Percentage share	January-September	
			Mill. FIM	Percentage change from the corresponding period on the previous year			Mill. FIM	Percentage change from the corresponding period of the previous year
1	2	3	4	5	6	7	8	
All OECD countries	63 184	74.1	50 395	7.3	63 079	76.2	51 913	12.5
OECD Europe	55 667	65.2	44 116	6.8	52 212	63.1	41 761	9.5
Of which:								
Austria	951	1.1	668	-7.9	1 066	1.3	799	2.8
Belgium and Luxembourg	1 526	1.8	1 353	28.9	2 134	2.6	1 673	5.7
Denmark	3 320	3.9	2 412	-3.6	2 343	2.8	1 980	14.2
France	4 497	5.3	3 610	7.6	3 552	4.3	2 787	3.6
Federal Republic of Germany	9 335	10.9	7 343	5.9	14 450	17.5	11 354	6.8
Italy	2 182	2.6	1 838	15.1	3 619	4.4	3 052	14.7
Netherlands	3 060	3.6	2 448	5.3	2 555	3.1	2 186	17.6
Norway	4 026	4.7	2 426	-21.7	1 819	2.2	1 625	21.7
Spain	1 090	1.3	1 030	27.9	920	1.1	716	14.4
Sweden	12 754	14.9	9 684	4.4	10 702	12.9	8 595	11.4
Switzerland	1 525	1.8	1 185	3.7	1 665	2.0	1 218	-1.4
United Kingdom	9 734	11.4	8 757	20.1	5 914	7.1	4 538	9.0
Other OECD	7 517	8.8	6 279	11.4	10 867	13.1	10 152	26.8
Of which:								
Canada	971	1.1	788	4.8	429	0.5	463	50.9
Japan	1 206	1.4	1 224	32.7	5 861	7.1	5 057	14.7
United States	4 407	5.2	3 491	6.1	4 335	5.2	4 346	40.4
CMEA countries	14 620	17.1	10 388	-4.3	14 088	17.0	10 033	-5.9
Of which:								
Soviet Union	13 175	15.4	9 311	-5.6	11 901	14.4	8 261	-9.9
Developing countries	6 199	7.3	4 612	-0.7	4 938	6.0	4 418	19.5
OPEC countries	1 527	1.8	1 039	-2.3	805	1.0	450	-27.2
Other	4 672	5.5	3 572	-0.3	4 133	5.0	3 968	28.9
Other countries	1 312	1.5	756	-23.9	692	0.8	1 202	143.4
TOTAL	85 315	100.0	66 151	4.3	82 797	100.0	67 566	10.8
Of which:								
EEC countries	35 966	42.2	29 859	11.5	36 788	44.4	29 392	9.1
EFTA countries	19 396	22.7	14 075	-1.9	15 356	18.5	12 310	10.4

*The trade values and volumes for December 1987 and January 1988 differ from those in the official statistics. For details, see Notes and Explanations on page S26.

8. DOMESTIC ECONOMIC DEVELOPMENTS

8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1985 PRICES (seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1983	171 330	63 113	69 001	10 467	-2 704	311 207	92 001	87 959	315 249
1984	176 038	64 872	67 584	10 202	-1 327	317 369	96 993	88 857	325 505
1985	181 664	68 218	69 599	10 453	3 610	333 544	98 173	94 893	336 824
1986*	189 113	70 325	69 329	10 738	3 255	342 760	99 498	97 795	344 463
1987*	198 837	73 087	72 388	11 344	7 315	362 971	101 181	106 569	357 583
1986*									
I	46 417	17 395	17 289	2 687	2 801	86 588	24 627	26 144	85 072
II	47 238	17 286	16 686	2 375	-960	82 625	21 722	19 893	84 454
III	47 666	17 740	17 810	2 935	2 381	88 532	25 799	27 061	87 270
IV	47 792	17 904	17 545	2 741	-967	85 015	27 350	24 698	87 668
1987*									
I	48 640	18 011	17 623	2 765	1 857	88 896	25 140	26 316	87 720
II	49 417	18 152	18 227	2 615	1 896	90 307	25 336	25 771	89 872
III	49 824	18 377	17 931	3 141	1 233	90 506	25 460	26 958	89 009
IV	50 956	18 547	18 607	2 823	2 329	93 262	25 244	27 524	90 983
1988*									
I	51 392	18 542	19 129	2 745	1 971	93 779	25 710	27 179	92 310
II	51 471	18 673	19 019	2 671	3 966	95 800	25 682	28 693	92 789

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100 (1980 WEIGHTS) (seasonally adjusted figures)

Period	Industry (SIC):						
	2-4 Total industry (100.0)	2 Mining and quarrying (1.5)	3 Manufacturing (89.5)	331,341 Wood and paper industries (20.5)	37,38 Metal and engineering industries (28.3)	Other manufacturing (40.7)	4 Electricity, gas and water (9.0)
	1	2	3	4	5	6	7
1983	91.9	92.8	92.5	94.2	87.8	95.5	86.0
1984	96.1	96.3	96.6	101.7	92.5	97.6	91.8
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986*	100.8	101.7	100.8	101.8	101.3	99.9	100.1
1987*	105.0	79.0	105.2	107.9	106.2	103.0	108.0
1987*							
Aug.	105.6	81.8	105.7	108.4	108.4	104.9	108.9
Sept.	103.7	77.8	104.6	110.1	108.2	103.7	109.0
Oct.	102.8	69.4	106.0	109.8	107.2	102.8	107.5
Nov.	100.8	72.5	103.6	108.4	107.4	100.5	109.5
Dec.	102.7	67.3	105.5	105.4	108.4	100.1	108.4
1988*							
Jan.	108.0	64.7	111.3	115.7	112.1	106.7	94.5
Feb.	107.7	70.4	109.5	112.4	111.2	104.0	102.6
March	105.5	74.0	106.4	109.7	104.6	103.1	105.7
April	108.8	88.9	107.8	114.5	111.7	102.8	110.2
May	108.9	101.5	108.3	108.8	113.4	107.2	103.6
June	112.2	107.9	109.9	116.2	110.3	106.3	110.5
July	114.2	95.4	111.0	109.6	124.0	104.5	110.8
Aug.	108.5	76.1	107.9	115.5	113.6	102.4	111.9

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100 (seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1983	97.6	94.4	108.2	107.7	123.0	105.1	100.9	94.2
1984	97.2	96.8	101.8	104.1	112.8	96.2	98.6	96.9
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986*	104.7	102.5	94.0	88.4	99.9	99.5	105.2	101.8
1987*	111.3	107.7	95.6	89.0	101.0	102.6	113.8	106.1
1987*								
July	110.8	107.5	..	..	..	..	..	106.6
Aug.	111.1	107.1	..	..	..	..	..	106.7
Sept.	111.0	109.4	..	..	..	..	..	106.7
Oct.	114.7	107.8	..	..	..	..	..	106.6
Nov.	113.9	109.9	..	..	..	..	..	107.1
Dec.	111.3	111.4	..	..	..	..	..	107.7
II	112.3	108.6	97.1	91.7	106.5	106.4	121.6	106.1
III	110.9	108.0	95.8	86.2	102.5	105.9	100.2	106.7
IV	113.3	109.7	97.2	88.1	99.5	105.2	121.3	107.1
1988*								
Jan.	115.0	113.4	..	..	..	..	..	108.1
Feb.	113.9	111.5	..	..	..	..	..	108.5
March	112.8	114.9	..	..	..	..	..	108.3
April	116.3	109.3	..	..	..	..	..	107.9
May	111.7	114.9	..	..	..	..	..	109.4
June	115.1	110.8	..	..	..	..	..	109.2
July	116.3	108.7	..	..	..	..	..	..
I	113.9	113.3	103.2	92.5	113.8	113.3	113.3	108.3
II	114.4	111.7	99.7	97.5	100.0	106.0	140.0	108.8

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domes- tic goods	Import- ed goods		Export- ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1983	84.3	84.0	85.2	86.4	84.0	85.8	88.8	90.4	89.8	92.7	90.8	91.5	90.5	89.2
1984	92.2	92.0	92.9	92.6	92.8	92.1	95.1	95.3	94.8	97.1	96.0	98.1	95.1	94.6
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1986¹	107.0	106.7	106.2	106.8	108.1	107.0	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987¹	114.6	114.5	113.4	115.8	114.0	116.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1987¹														
Sept.	..	..	..	..	..	..	108.1	98.4	100.8	89.4	97.9	98.7	97.5	109.9
Oct.	..	..	..	..	..	..	108.3	98.7	101.3	89.2	98.2	99.0	97.8	110.0
Nov.	..	..	..	..	..	..	108.1	98.7	101.6	88.3	98.4	99.4	97.9	110.8
Dec.	..	..	..	..	..	..	108.4	98.9	102.0	87.7	98.6	99.2	98.3	110.9
III	115.0	114.7	113.7	117.0	114.7	117.5	107.6	98.3	100.6	89.9	97.6	98.4	97.2	109.7
IV	116.6	116.8	115.2	117.3	115.0	117.8	108.3	98.8	101.6	88.4	98.4	99.2	98.0	110.6
1988¹														
Jan.	..	..	..	..	..	..	109.7	99.3	102.4	87.8	99.1	99.9	98.8	111.8
Feb.	..	..	..	..	..	..	110.0	99.6	102.7	87.9	99.5	100.1	99.2	111.9
March	..	..	..	..	..	..	110.6	99.7	103.0	87.5	100.0	101.1	99.4	112.3
April	..	..	..	..	..	..	111.4	99.9	103.1	88.3	100.1	101.5	99.4	115.0
May	..	..	..	..	..	..	112.3	100.9	104.1	89.3	100.8	102.6	100.0	116.2
June	..	..	..	..	..	..	112.9	101.3	104.7	89.1	101.1	103.1	100.2	116.6
July	..	..	..	..	..	..	112.9	102.0	105.4	89.6	102.1	104.3	101.1	117.0
Aug.	..	..	..	..	..	..	113.1	102.4	105.8	90.3	102.7	105.5	101.4	117.5
Sept.	..	..	..	..	..	..	114.2	102.4	105.7	90.0	102.9	105.7	101.5	118.7
I	118.9	118.5	117.0	122.9	117.8	123.2	110.1	99.5	102.7	87.7	99.5	100.4	99.1	112.0
II	125.8	125.6	124.2	130.5	123.3	130.5	112.2	100.7	104.0	88.9	100.7	102.4	99.9	115.9
III	..	..	..	..	..	..	113.4	102.3	105.6	90.0	102.6	105.2	101.3	117.7

¹Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries			
		1000 persons										
		1	2	3	4	5	6	7	8	9	10	11
1983	68.7	2527	2390	386	2004	303	606	183	1298	138	5.5	
1984	68.8	2546	2414	378	2035	294	600	183	1337	133	5.2	
1985	69.2	2567	2437	361	2076	280	597	178	1380	130	5.0	
1986	69.1	2568	2431	359	2071	266	589	185	1391	138	5.4	
1987	68.6	2554	2423	372	2051	251	569	184	1419	130	5.1	
1987												
Aug.	69.0	2568	2441	368	2073	248	570	183	1439	127	5.0	
Sept.	68.5	2548	2418	366	2053	241	572	176	1429	130	5.1	
Oct.	68.5	2551	2423	378	2045	255	575	185	1408	128	5.0	
Nov.	68.5	2549	2420	381	2039	252	557	180	1432	129	5.1	
Dec.	68.4	2548	2419	378	2041	247	558	183	1430	128	5.0	
1988												
Jan.	68.7	2558	2438	381	2057	250	573	189	1427	120	4.7	
Feb.	68.4	2549	2430	374	2057	253	551	176	1451	118	4.6	
March	68.5	2549	2428	371	2057	240	557	182	1450	120	4.7	
April	68.3	2541	2426	367	2059	241	551	192	1442	115	4.5	
May	68.3	2540	2415	366	2049	243	543	177	1451	125	4.9	
June	68.7	2556	2439	363	2076	231	548	194	1466	117	4.6	
July	68.5	2547	2430	361	2070	223	558	203	1446	117	4.6	
Aug.	67.9	2527	2412	379	2032	252	572	172	1416	115	4.6	

8.6 CENTRAL GOVERNMENT FINANCES: REVENUE, EXPENDITURE AND FINANCIAL BALANCE, MILL. FIM, CASH FLOW BASIS

During period	Revenue									Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Borrowing	Total revenue (7+8)	Con-sump-tion	Trans-fers and subsidies	Of which:	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1983	19565	36183	531	8284	64563	1854	66416	11378	77794	20984	39411	15717	22817
1984	22526	42737	598	9711	75572	1894	77466	10752	88218	22155	44333	18444	24836
1985	25750	47578	546	10415	84290	2071	86361	11189	97550	24835	49269	21183	26866
1986	28079	51733	323	11640	91774	2209	93983	14744	108727	26354	52845	23215	28131
1987	29454	57312	455	12437	99658	2482	102139	17484	119623	29419	59498	26456	30964
1987													
Aug.	2935	4880	37	1098	8949	343	9292	1143	10435	2331	4892	2138	2618
Sept.	2461	4237	40	968	7706	144	7850	619	8470	2424	4341	2131	2102
Oct.	2480	4360	38	1025	7904	119	8023	2295	10318	2505	4713	2227	2296
Nov.	2545	5465	29	1024	9062	266	9329	2397	11726	2366	5746	2336	3306
Dec.	1995	7294	65	1454	10809	680	11488	1496	12984	2731	5271	2239	2720
1988													
Jan.	2495	3188	12	958	6654	21	6674	1680	8354	2367	5494	2221	3145
Feb.	2203	6490	38	837	9568	53	9622	1017	10639	2449	6390	2304	3948
March	3084	4470	49	998	8601	96	8698	1291	9989	2520	5301	2325	2552
April	3203	4517	44	1122	8886	85	8971	2089	11060	2341	4958	2682	2141
May	2659	5470	21	1787	9936	302	10238	834	11072	2760	6409	2640	3405
June	2994	5733	46	1012	9785	132	9917	1490	11407	2842	5368	2755	2376
July	3488	5896	35	871	10290	70	10360	109	10469	3191	4617	2370	2090
Aug.	3333	6295	62	1022	10712	488	11200	589	11789	2607	5279	2361	2801
During period	Expenditure							Financial balance					
	Fixed investment	Other expenditure	Expenditure before financial transactions (10+11+14+15)	Lending and other financial investment	Expenditure before redemptions of state debt (16+17)	Redemptions of state debt	Total expenditure, (18+19)	Revenue surplus (5-16)	Net borrowing requirement (7-18)	Gross borrowing requirement (7-20)	Cash surplus (9-20)		
	14	15	16	17	18	19	20	21	22	23	24		
1983	5454	4095	69944	4999	74943	3939	78881	-5381	-8527	-12465	-1088		
1984	5455	4220	76162	4717	80878	5552	86430	-590	-3412	-8964	1788		
1985	5700	4936	84739	4982	89722	7682	97404	-449	-3361	-11043	145		
1986	6111	5058	90368	4913	95281	10541	105822	1406	-1298	-11839	2905		
1987	7089	4732	100738	5672	106410	9880	116289	-1080	-4270	-14150	3334		
1987													
Aug.	542	294	8059	479	8539	1410	9949	890	753	-657	487		
Sept.	648	137	7551	552	8102	320	8423	156	-252	-572	47		
Oct.	644	321	8184	446	8629	620	9249	-280	-606	-1226	1069		
Nov.	550	199	8861	407	9267	252	9519	202	62	-190	2207		
Dec.	878	-6	8874	483	9357	109	9466	1935	2131	2022	3518		
1988													
Jan.	502	764	9127	372	9499	1279	10778	-2473	-2824	-4103	-2423		
Feb.	535	324	9699	397	10096	512	10608	-130	-474	-986	31		
March	641	833	9296	427	9723	825	10548	-694	-1025	-1850	-559		
April	492	617	8407	341	8747	674	9421	479	224	-450	1639		
May	690	760	10619	623	11242	1044	12286	-684	-1004	-2048	-1214		
June	660	317	9186	603	9789	818	10607	598	128	-690	800		
July	568	112	8487	467	8954	787	9741	1803	1406	619	728		
Aug.	609	478	8972	450	9422	1177	10599	1740	1778	601	1190		

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

Unless otherwise stated, the source or compiler of figures is the Bank of Finland.

Symbols used

- * Preliminary
- r Revised
- 0 Less than half the final digit shown
- . Logically impossible
- .. Data not available
- Nil
- S Affected by strike
- Break in series

Owing to rounding of figures, the sum of the individual items in the tables may differ from the total shown.

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

Table 1.2 Domestic financial sector. Term claim on deposit banks (Column 13) = term credits (from December 1986 to July 1987) + bank certificates of deposit held by the Bank of Finland (since March 1987). Other liabilities to financial institutions, net (Column 17) = capital import deposits + other liabilities to financial institutions - bonds and debentures - other claims on financial institutions. *Corporate sector.* Claims in the form of special financing (Column 19) = export bills + new-export credits + financing of domestic deliveries. Special deposits, net (Column 20) = deposits for investment and ship purchase + capital import deposits + export deposits + other liabilities to corporations - bonds - other claims on corporations.

2 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD EXCHANGE MARKET

Table 2.1 Matured certificates of deposit, net (Column 3) = matured bank certificates of deposit held by the Bank of Finland - matured certificates of deposit issued by the Bank of Finland.

Table 2.3 Bank CDs held by the Bank of Finland (Column 2) include term credits from December 1986 to July 1987. Holdings of CDs issued by the Bank of Finland (Column 5) include term liabilities from February to July 1987.

3 RATES OF INTEREST

Table 3.1 HELIBOR (Helsinki Interbank Offered Rate) (Columns 2-5): The HELIBOR rate for each maturity is calculated by the Bank of Finland as the average of the offered rates for certificates of deposit quoted daily at 1 p.m. by the five largest banks.

Table 3.2 The rates shown are based on the lending rates quoted for the respective currencies in the Euromarket.

Table 3.3 The covered Eurodollar rate is a computed rate of interest for the markka obtained by adding the difference between the forward selling rate and the spot selling rate for the U.S. dollar expressed as an annual rate of interest to the Eurodeposit rate for the dollar. The rates shown are based on daily quotations at noon by two banks.

Table 3.4 Lending. New credits (Columns 1-4): the rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts, whereas annual rates are averages of monthly observations. *Deposits.* The rates of interest applied to deposit accounts (Columns 6-8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. The average rate of interest on the stock of regulated deposits (Column 9) is the average rate of interest weighted by the deposit amounts at the end of period, where the stock of deposits comprises cheque accounts, postal giro accounts, deposit accounts with a cheque facility, savings and ordinary deposit accounts, other time deposit accounts and taxable investment accounts. The average rate of interest on unregulated deposits (Column 10) is the average rate of interest weighted by the amounts in the period. Unregulated deposits include, inter alia, sales of certificates of deposit, promissory notes and bonds as well as corporate deposits at market rates.

Table 3.5 Secondary market rates. The long-term unregulated market rate (Columns 1 and 2) is calculated by the Bank of Finland as the monthly average of the offered rates for taxable, fixed-rate bonds quoted by the five largest banks. The rate of interest for taxable government bonds (Column 3) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The rate of interest for taxable public issues

(Column 4) is the effective annual yield, calculated as the arithmetic mean, on fixed-rate ordinary bonds, debentures or other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The rate of interest for taxfree public issues (Column 7) is the yield on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. *Rates at issue* on bonds and debentures (Columns 8 and 9) are the average rates of interest weighted by issue amounts - in the case of government bonds by sales amounts - on ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period.

4 RATES OF EXCHANGE

Table 4.2 The weights of the Bank of Finland currency index (Column 1) are moving averages of the shares of countries in Finland's merchandise export and import trade. The index comprises 12 convertible currencies. The index values are based on the Bank of Finland's daily quotations at noon. The weights of the payments currency index (Column 2) are moving averages of the shares of payments currencies in Finland's trade. The index comprises 12 convertible currencies. The weights of the MERM index (Column 3) are fixed 1977 weights computed on the basis of the IMF's world trade model. Fourteen currencies are included in this index.

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Domestic foreign-currency deposits are included in the figures. Time deposits (Column 2) consist of tax-exempt time deposits held by the public. Investment

accounts (Column 3) are taxable time deposits held by the public. For the definition of unregulated deposits (Column 6), see the explanation under Table 3.4. Since the beginning of 1987, the figures for banks' holdings of certificates of deposit issued by other banks have been netted out. Netting out is done by the Bank of Finland.

Table 5.2 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. claims on banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. liabilities to banks' foreign branches). *Domestic credit*. Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central government - the central government's deposits with the Bank of Finland and Postipankki - loans intermediated by banks from state funds. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CD's held by the public and other unregulated wholesale deposits). M_1 (Column 6) = notes and coin in circulation - till money held by banks + cheque and postal giro account deposits held by the public. M_2 (Column 7) = M_1 + quasi-money (time deposits held by the public, incl. deposits with the Bank of Finland).

Table 5.4 Source: State Treasury Office. *Foreign debt*. Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of central loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin).

Transferable allocations amounted to FIM 7.7 billion at the end of 1986.

Table 5.6 *Turnover*. Source: The Helsinki Stock Exchange. *Share prices*. Source: Union Bank of Finland Ltd.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

Table 6.1 The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts.

Table 6.2 Columns 1-8: Net change in long-term liabilities. Columns 9-13: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 10): Secondary market transactions in securities and share issues. Long-term credits (Columns 3-6): Financial loans, import credits and leasing credits. Others (Column 5): Long-term credits of enterprises, financial institutions other than authorized banks and local government. Imports of other long-term capital (Column 7): Finland's subscriptions to international financial institutions paid in the form of promissory notes. Exports of other long-term capital (Column 12) = financial loans abroad + development credits + purchases of real estate and other acquisitions by private persons + Finland's subscriptions to international financial institutions.

Table 6.3 Net foreign debt (Columns 1-24) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for each date. Thus the figures include the impact of changes in exchange rates. Debt service payments (Column 25): the total of net payments of interest, dividends and remunerations relating to long- and short-term foreign liabilities and assets plus net repayments relating to long-term foreign liabilities and assets. Repayments do not include early repayments of loans, repatriations of equity capital included under direct investment, purchases of shares included under portfolio investment (since 1986), repayments of the Bank of Finland's reserve tranche and oil facility credits, or repayments of rouble-denominated assets included under loan assets. The debt-service ratio (Column 27) = service charges on net foreign debt as a percentage of current account earnings.

Table 6.4 All direct investments have been placed under the corporate sector (Columns 1 and 6). Other (Column 9) consists mainly of long-term assets of private persons.

The sectoral figures for short-term foreign liabilities and assets correspond to the figures shown in Columns 15-23 of Table 6.3.

7 FOREIGN TRADE

Source: The National Board of Customs. All tables refer to foreign trade in goods.

On January 1, 1988, the new international harmonized commodity description and coding system was introduced in the compilation of the official foreign trade statistics. Because of the changeover, the trade value figures in the customs statistics are exceptionally high for December 1987 and exceptionally low for January 1988 as compared with the old system. For the sake of comparability, the customs statistics figures for December 1987 and January 1988 have been adjusted in the Bulletin to comply with the old system. For this reason the total trade values for 1987 as a whole also differ from the customs statistics. The Bulletin follows the same practice as in the balance of payments statistics. Adjustments have been made to all value and volume figures for exports and imports. Unit values correspond to those of the customs statistics. The adjustments have been made by the Economics Department of the Bank of Finland.

Table 7.2 The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

Table 7.4 The regional and country grouping is based on the classification according to Finnish Official Statistics I A.

8 DOMESTIC ECONOMIC DEVELOPMENTS

Tables 8.1-8.5 Source: Central Statistical Office of Finland. Seasonal adjustment is carried out by the Bank of Finland.

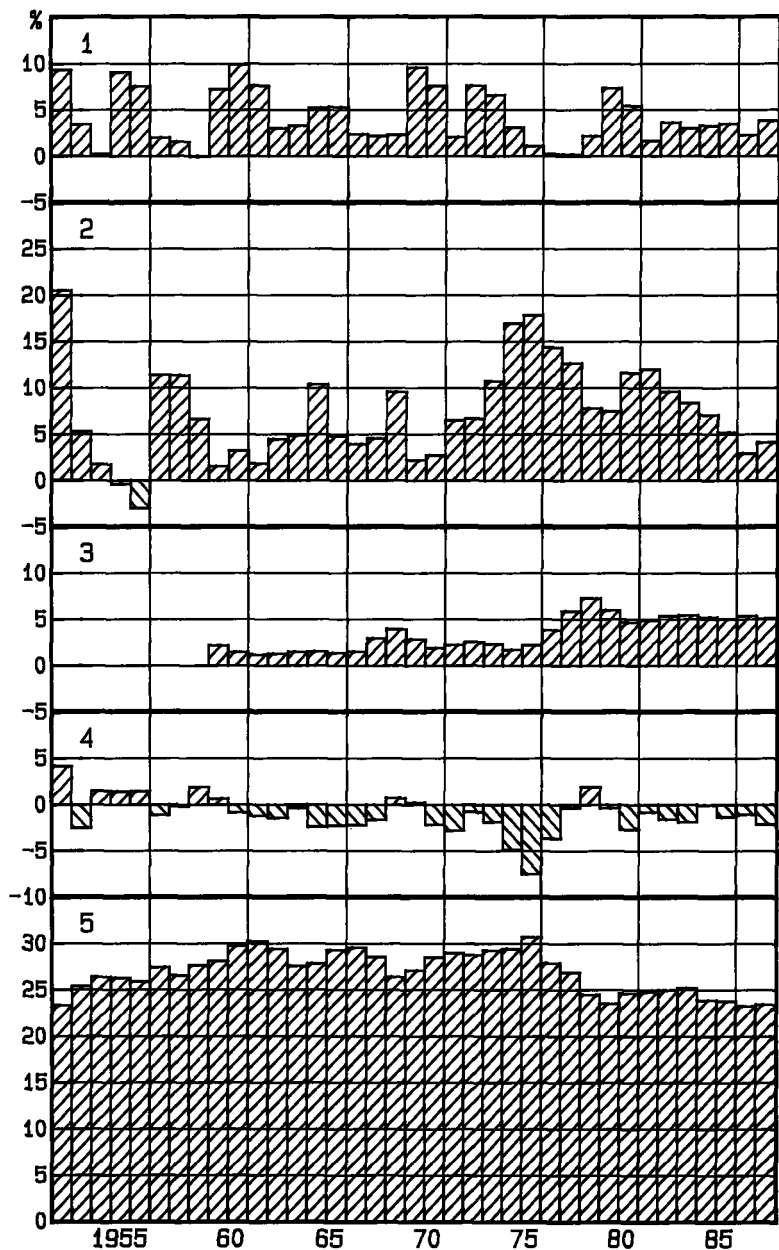
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year of the new CPI is 1985, while the base year of the index shown until end-1984 is 1981.

Table 8.6 Source: Ministry of Finance.

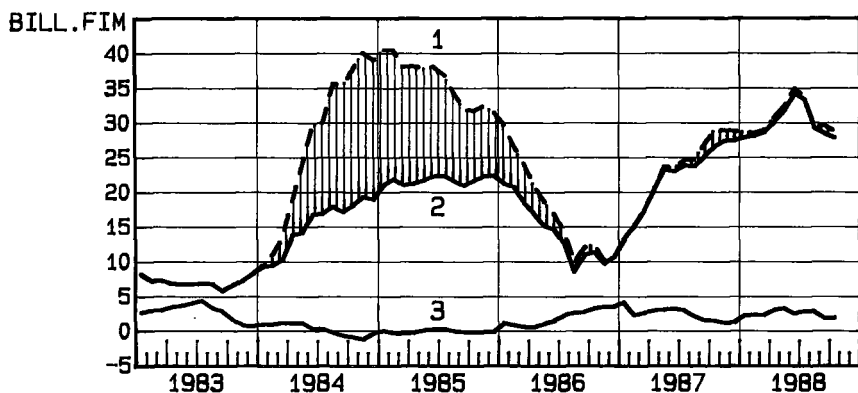
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
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27. Foreign trade: prices and terms of trade	S38
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29. Bilateral trade: prices and terms of trade	S38
30. Production	S39
31. Fixed investment	S39
32. Employment and unemployment rate	S40
33. Prices and wages	S40
34. Central government finances	S41

1. LONG-TERM INDICATORS



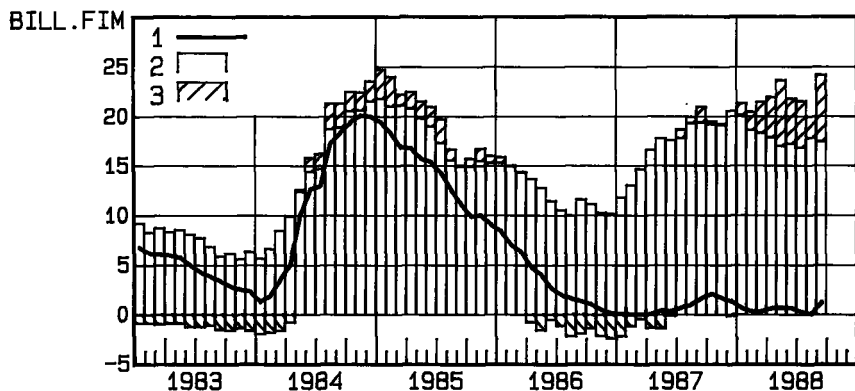
- 1. GDP, change in volume from the previous year, per cent
- 2. Consumer prices, change from the previous year, per cent
- 3. Unemployment rate, per cent
- 4. Current account, as a percentage of GDP
- 5. Fixed investment, as a percentage of GDP

2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



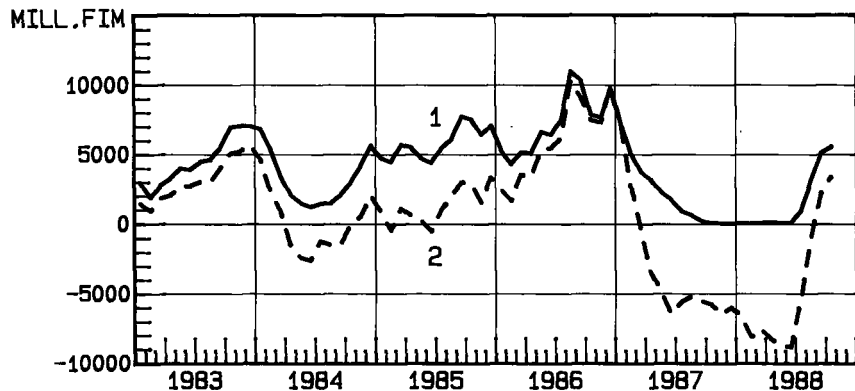
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



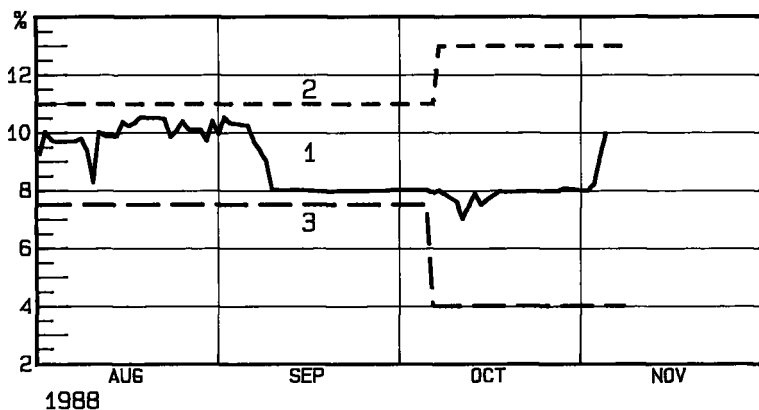
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. BANKS' CENTRAL BANK POSITION



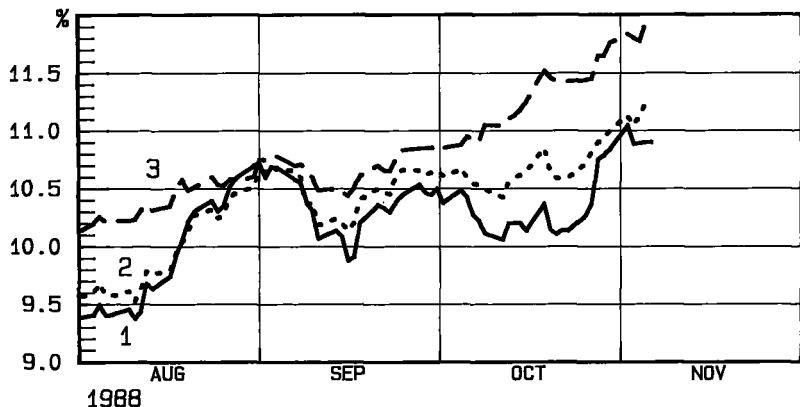
1. Gross debt to the Bank of Finland
2. Net debt to the Bank of Finland (excl. cash reserve deposits)

5. OVERNIGHT RATES



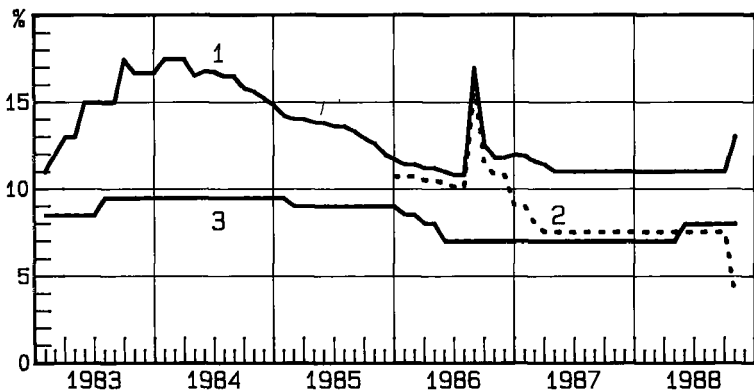
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



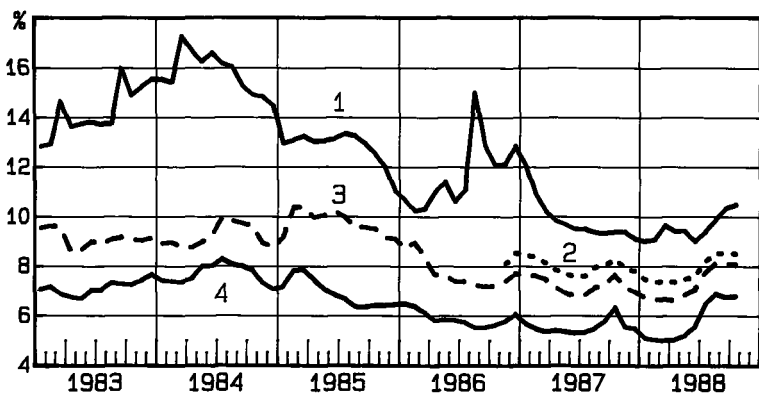
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



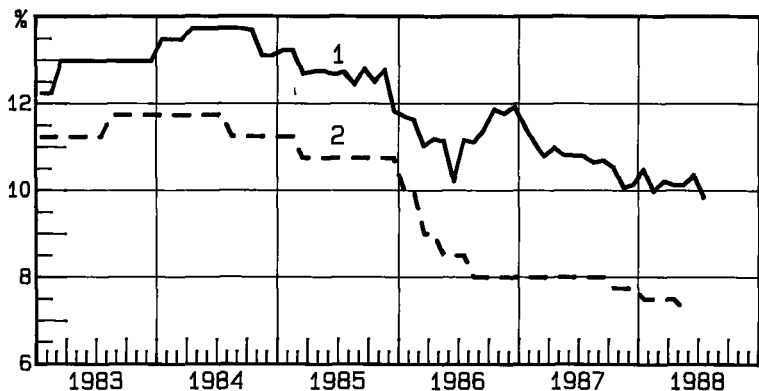
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

8. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH CURRENCY BASKET RATES



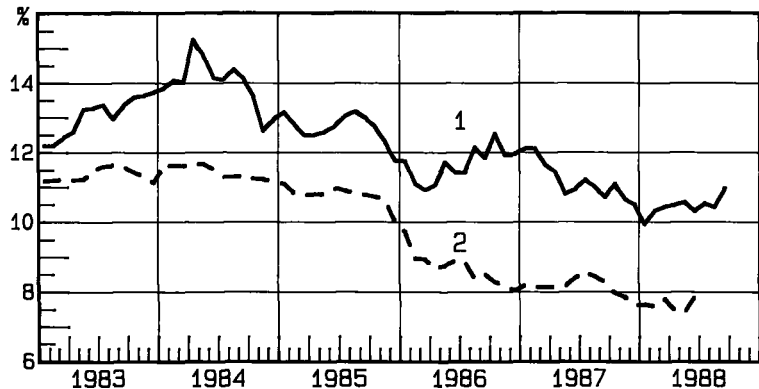
- 1. Covered Eurodollar rate
- 2. 12-currency basket rate
- 3. 8-currency basket rate
- 4. 3-currency basket rate

9. RATES ON NEW ISSUES OF BONDS AND DEBENTURES



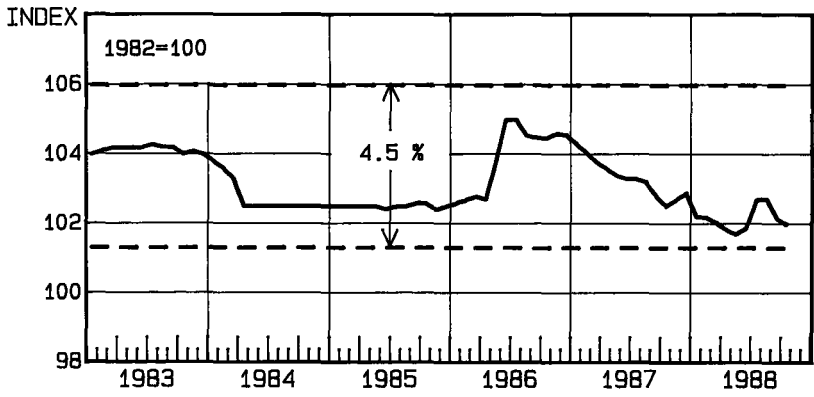
- 1. Rates on new fixed-rate debentures
- 2. Rates on new 10-year tax-free government bonds

10. SECONDARY MARKET RATES ON BONDS AND DEBENTURES



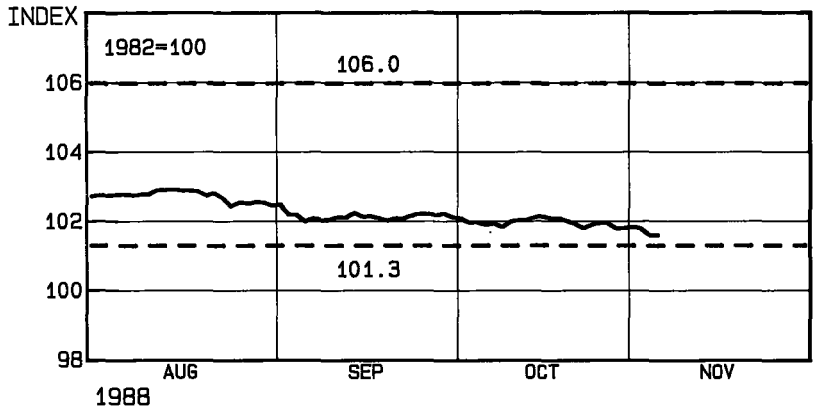
- 1. Secondary market rate on (3-6 year) fixed-rate debentures
- 2. Secondary market rate on (9-10 year) taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



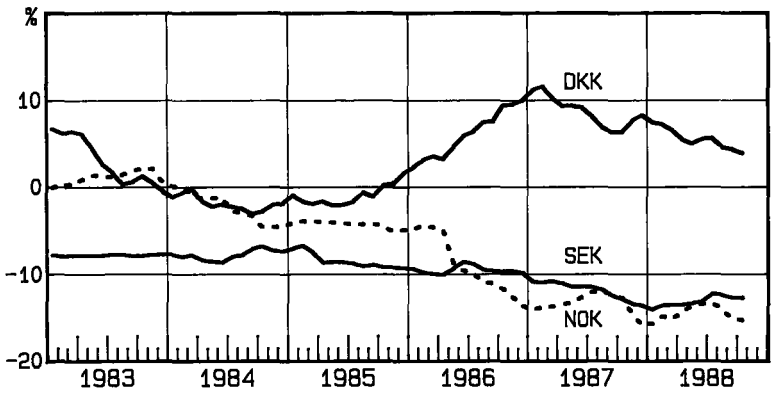
4.5 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



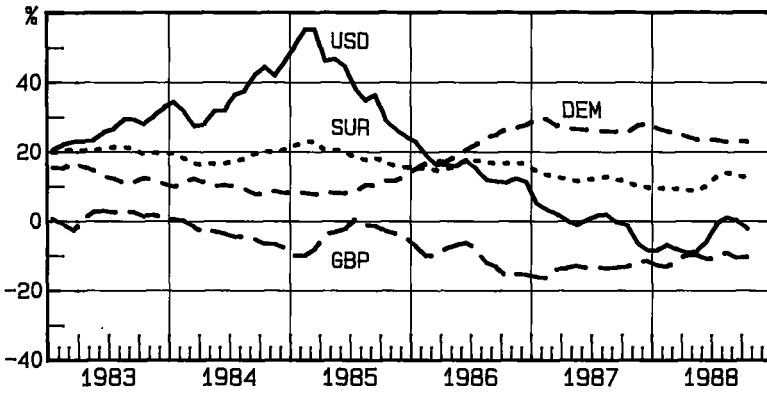
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



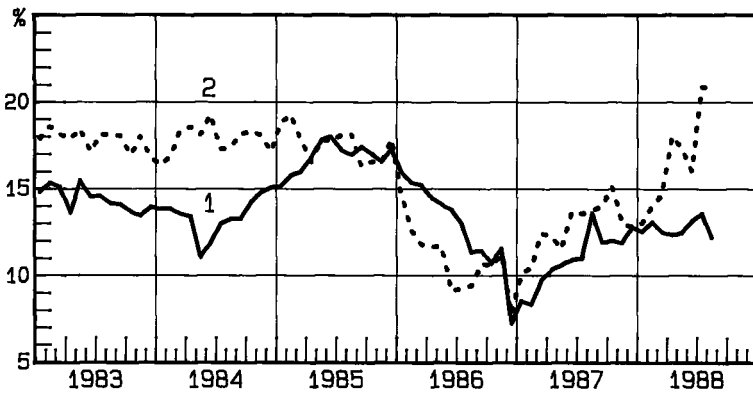
Monthly changes in markka selling rates calculated from the average rates for January 1982

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



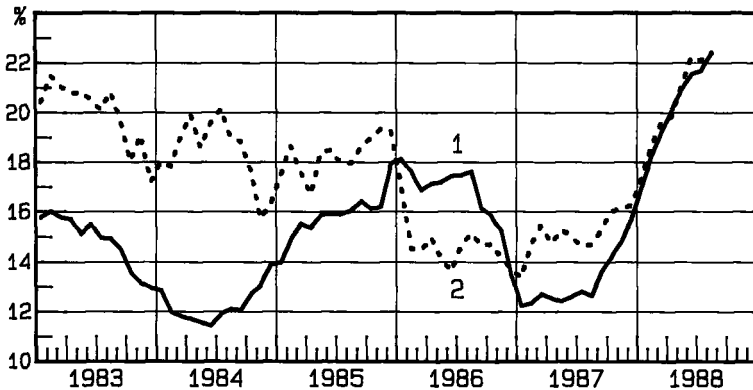
Monthly changes in markka selling rates calculated from the average rates for January 1982

15. BANK DEPOSITS FROM THE PUBLIC



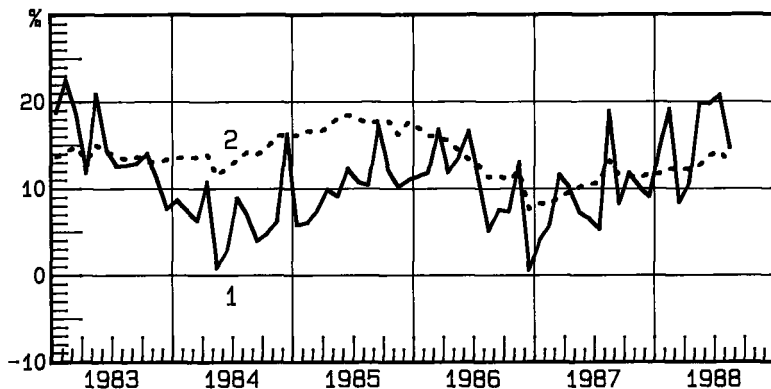
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



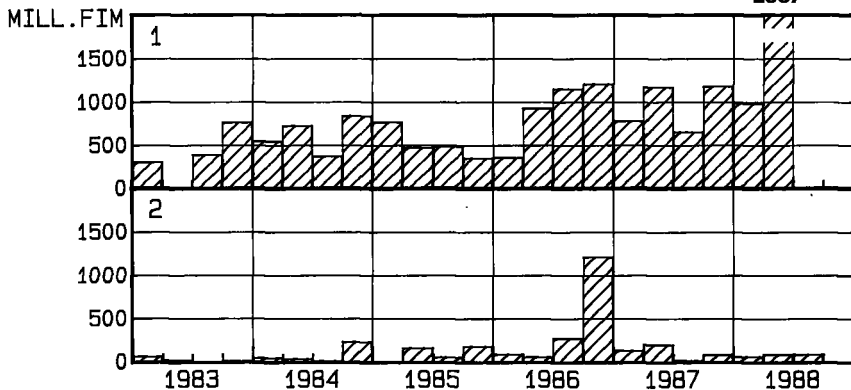
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



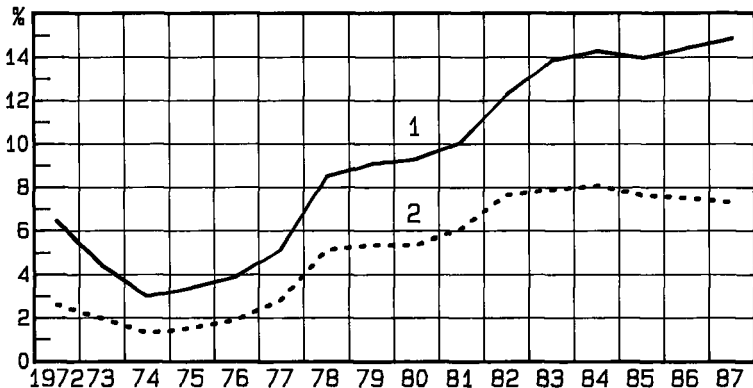
- 1. Narrow money supply (M1)
 - 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



- 1. Finnish direct investment abroad, net
- 2. Foreign direct investment in Finland, net

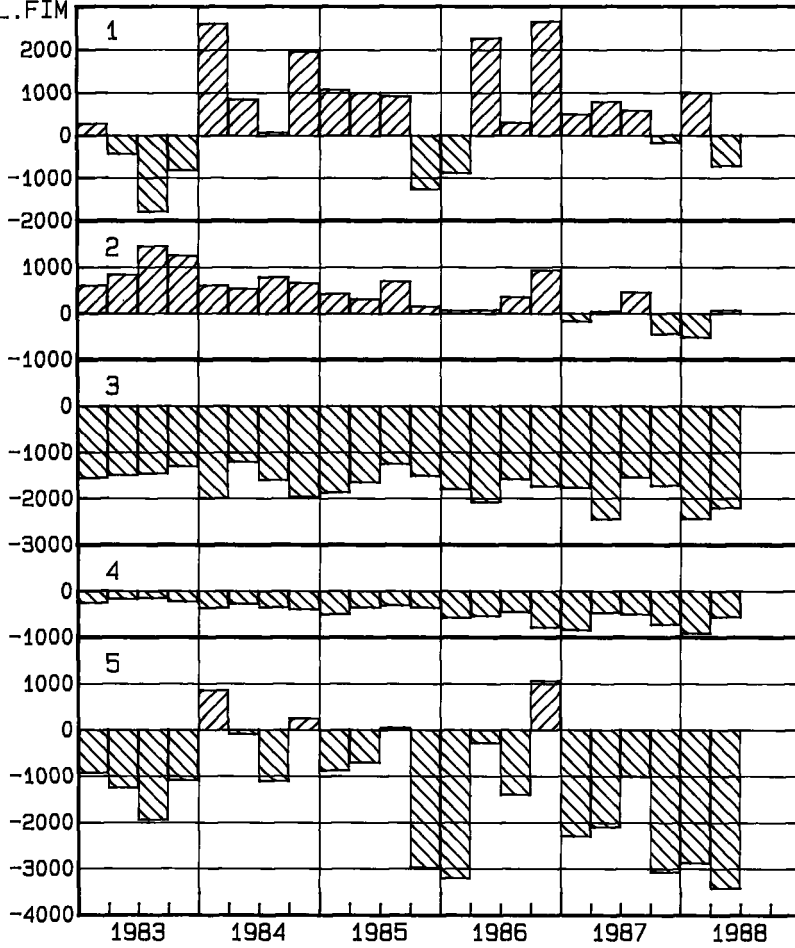
19. CENTRAL GOVERNMENT DEBT



- 1. Total debt
 - 2. Of which: foreign debt
- As a percentage of GDP

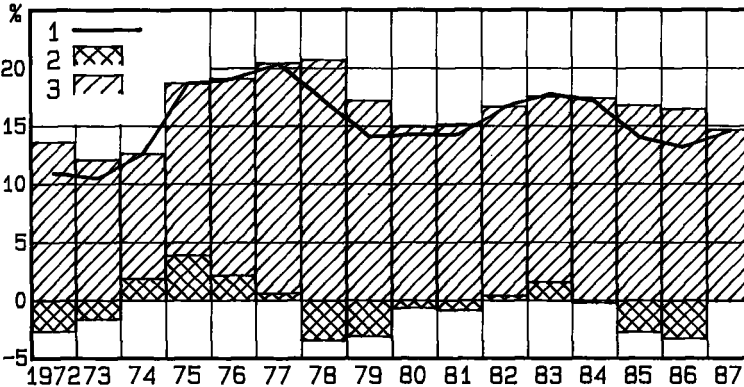
20. CURRENT ACCOUNT

MILL. FIM



1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

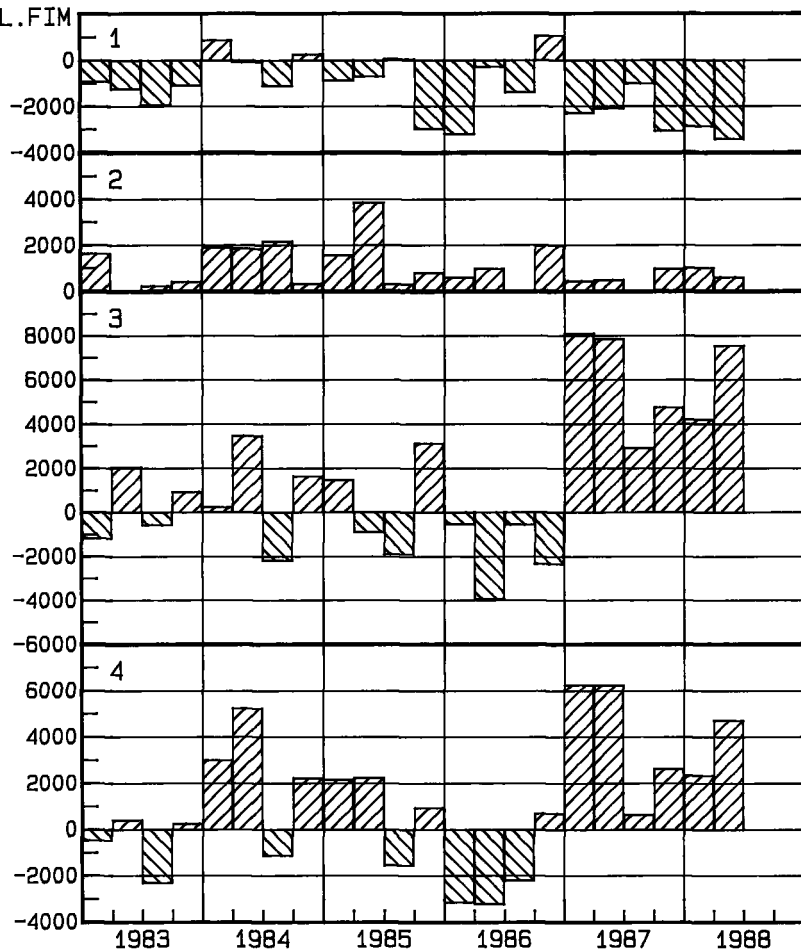
21. FOREIGN DEBT



1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

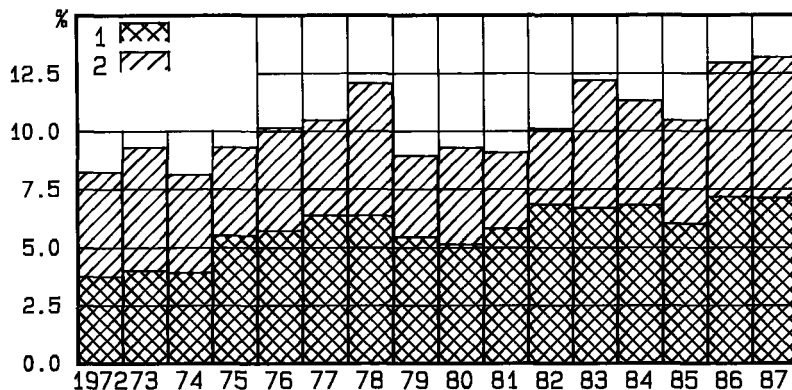
22. BALANCE OF PAYMENTS

MILL. FIM



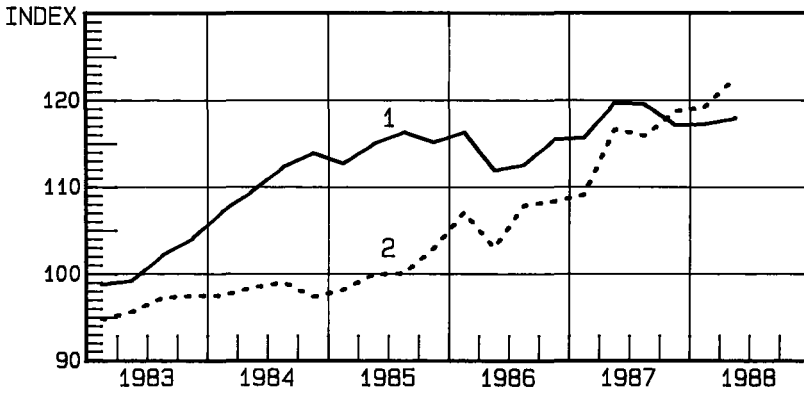
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. DEBT SERVICE RATIO



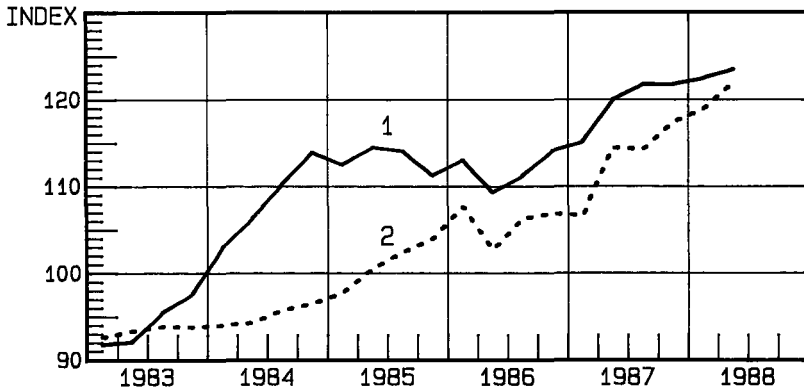
1. Interest payments
 2. Redemptions
- As a percentage of current account earnings

24. FOREIGN TRADE



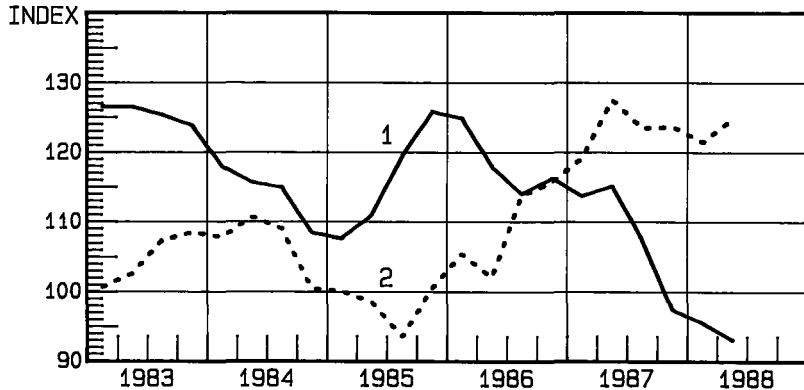
1. Total exports
2. Total imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

25. WESTERN TRADE



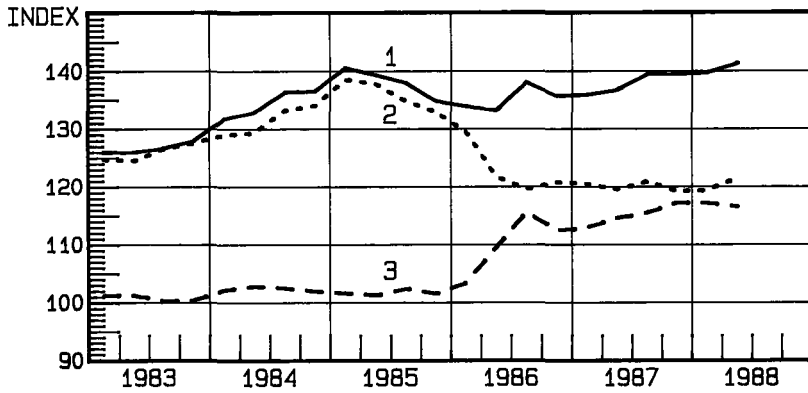
1. Western exports
2. Western imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

26. BILATERAL TRADE



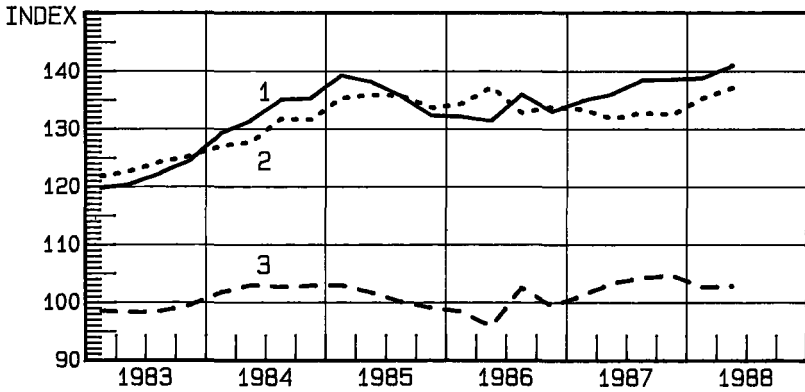
1. Bilateral exports
2. Bilateral imports
Volume index, 1980 = 100,
four-quarter moving average
shown as at the last quarter

27. FOREIGN TRADE: PRICES AND TERMS OF TRADE



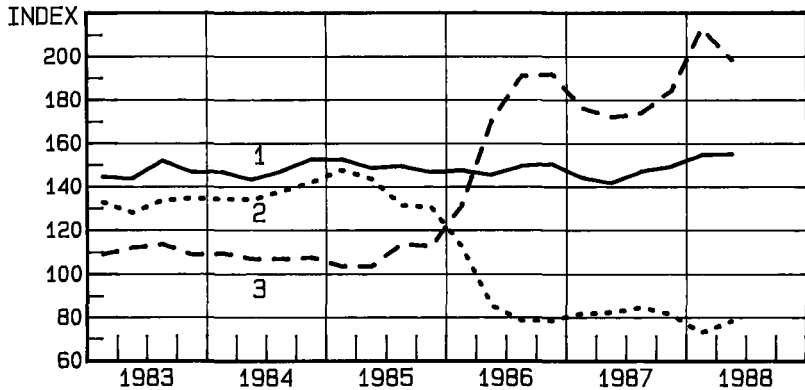
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

28. WESTERN TRADE: PRICES AND TERMS OF TRADE



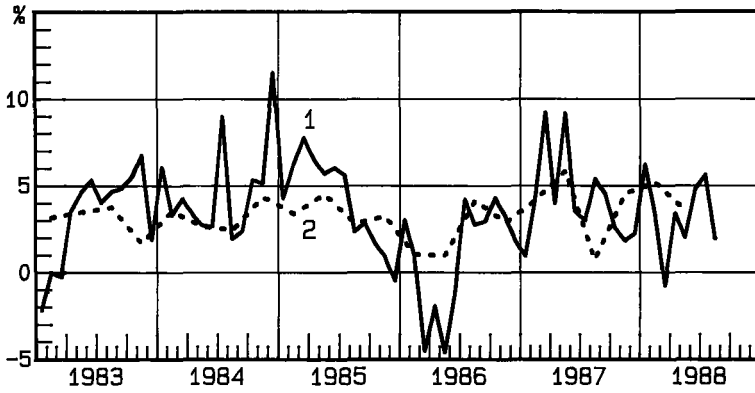
- 1. Unit value index of western exports
 - 2. Unit value index of western imports
 - 3. Terms of trade in western trade
- 1980 = 100

29. BILATERAL TRADE: PRICES AND TERMS OF TRADE



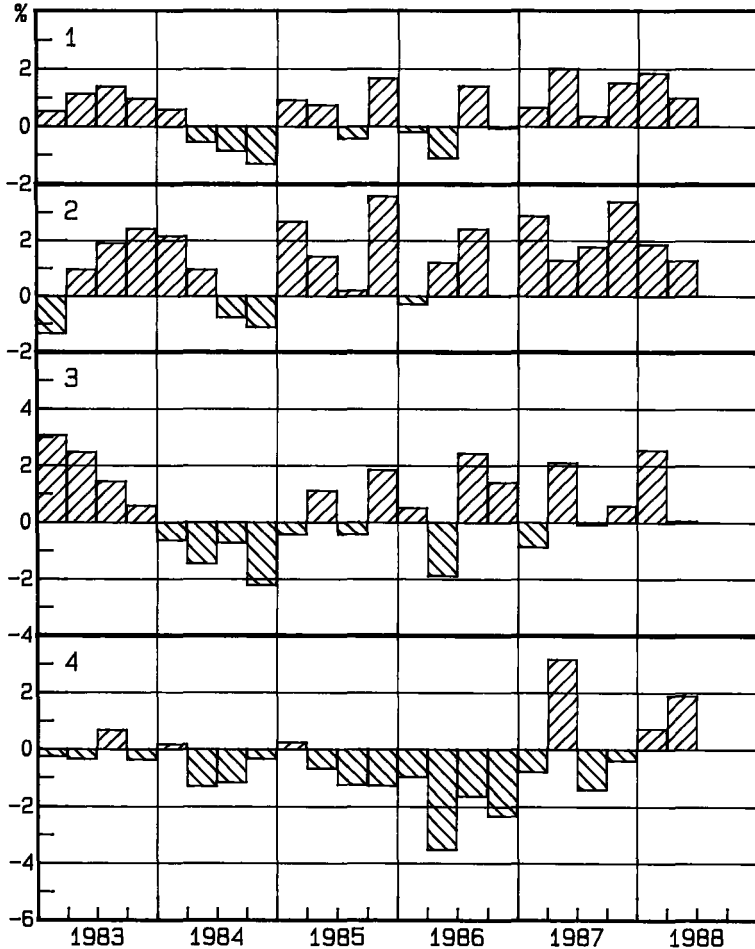
- 1. Unit value index of bilateral exports
 - 2. Unit value index of bilateral imports
 - 3. Terms of trade in bilateral trade
- 1980 = 100

30. PRODUCTION



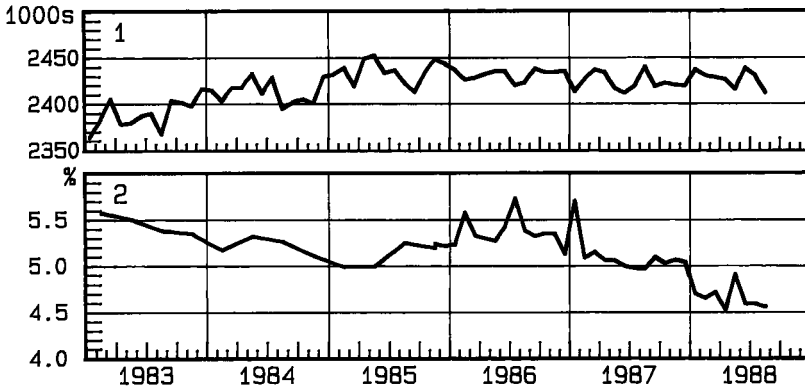
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

31. FIXED INVESTMENT



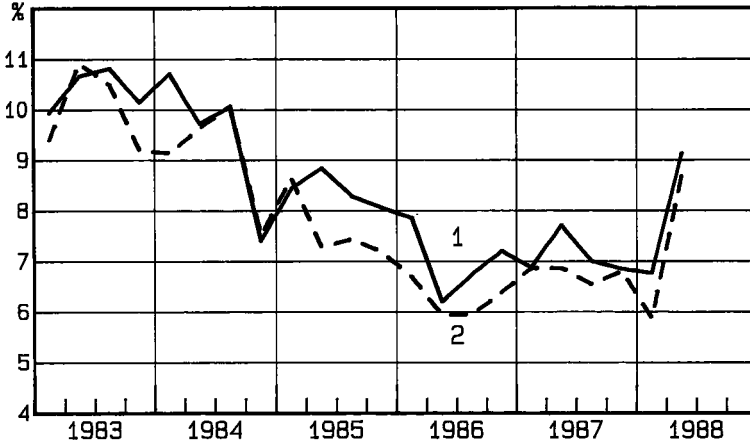
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

32. EMPLOYMENT AND THE UNEMPLOYMENT RATE

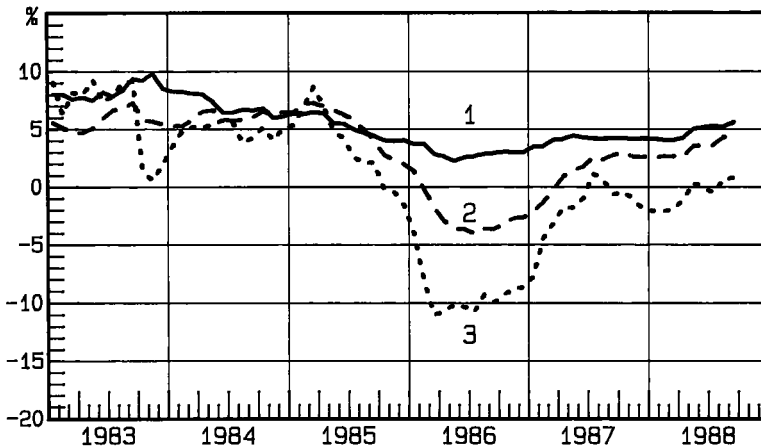


1. Employment, 1000 persons
2. Unemployment rate, per cent

33. PRICES AND WAGES

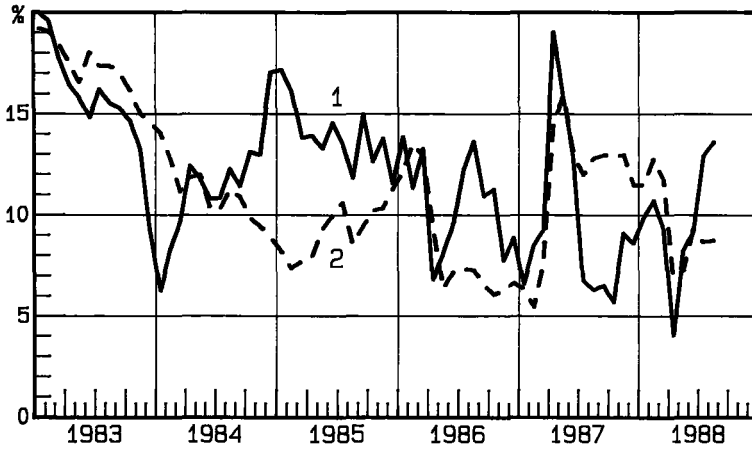


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



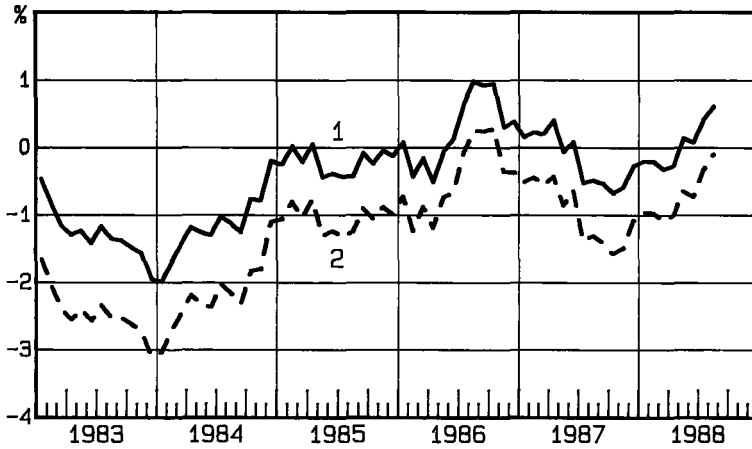
1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

34. CENTRAL GOVERNMENT FINANCES



- 1. Revenue excl. borrowing
- 2. Expenditure excl. redemptions of central government debt

Changes calculated from 12-month moving totals and shown as at the last month, per cent



- 1. Revenue surplus (revenue less expenditure excl. financial transactions) (surplus = +)
- 2. Net borrowing requirement (net borrowing = -)

12-month moving total shown as at the last month and as a percentage of GDP

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