



BANK OF FINLAND

Monthly Bulletin

Foreign trade

Agriculture in Finland

Monetary and foreign exchange policy measures from November 1986 to October 1987

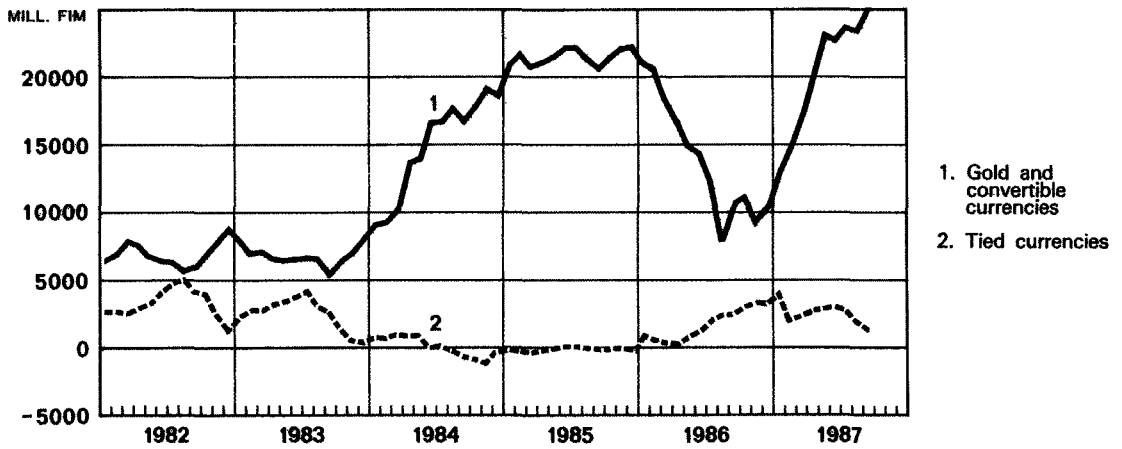
Board of Management of the Bank of Finland

The Bank of Finland's new bank note series

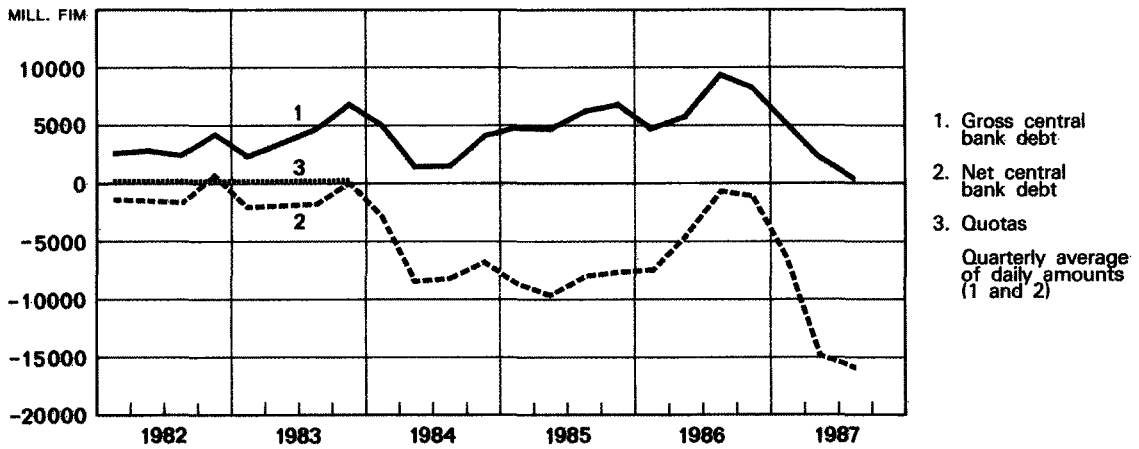
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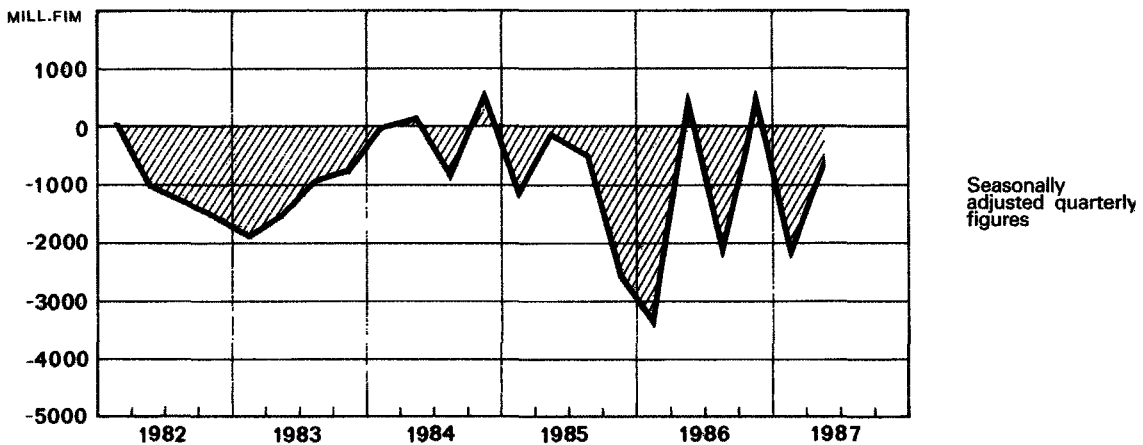
BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1982-87



DEPOSIT BANKS' CENTRAL BANK POSITION, 1982-87



BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1982-87



FOREIGN TRADE

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INTRODUCTION

During the past two years, major exchange rate movements and the price of oil have been the dominant factors influencing both world trade and overall economic activity. In western European countries a substantial improvement in the terms of trade has led to a marked strengthening of private consumption. The growth of total output has, however, remained sluggish. Weakening competitiveness due to the appreciation of the EMS currencies against the dollar has, together with the diminished purchasing power of OPEC, reduced European exports to the US and the OPEC countries at the same time as imports have increased.

These developments have also meant significant structural changes in Finland's foreign trade, but adjustment to these changes has proceeded more smoothly than expected. The contraction in trade with the Soviet Union and the OPEC countries has been offset by increased export deliveries to western European markets. Contributing to this shift have been a favourable pattern of demand and improved price competitiveness vis-à-vis European countries.

After stagnating for a year, Finnish exports to western markets picked up quickly in the second half of 1986. This trend was maintained in the first half of this year, and the volume of exports to these markets increased by 10 per cent from the same period last year, far more than the growth of markets. By contrast, exports to the Soviet Union have been cut back markedly, reflecting the need to balance bilateral trade after the fall in oil prices in 1986 substantially reduced Finland's energy import bill.

As a result of brighter export prospects and a marked increase in households' real income, domestic demand has expanded rapidly, in spite of high real interest rates. This, together with a rise in the propensity to import, has kept the growth of imports at a high level during the past twelve months.

Nevertheless, Finland's trade account with western countries has shown a slowly widening surplus since last autumn, partly because of improved terms of trade. Exports to the Soviet Union have clearly declined and the surplus on the bilateral trade account has been diminishing. Overall, the trade account posted a surplus of FIM 1.5 billion in the first eight months of this year.

EXPORTS

After a short recession, demand for forest industry products in world markets revived in the course of 1986, and the upward trend has been maintained in the current year. This has been reflected in Finnish exports and, at present, the Finnish forest industry is operating at close to full capacity. Despite good demand conditions, however, only the prices of pulp and wood industry products have made significant gains in the world market. The fall in the dollar has depressed the prices of paper industry products and moderated the rise in profitability. With demand continuing firm, there have been some signs of a recovery in prices in recent months.

Exports of the metal and engineering industry have undergone major structural changes in terms of both regional and commodity composition. Shipments to the Soviet Union fell

sharply in 1986 and there have been further cutbacks in the current year. This has been offset to some extent by increased exports to western markets. The revival of investment in machinery and equipment and stronger consumption in European markets have facilitated the regional shift. Thus, exports to western markets have grown substantially since the summer of 1986 and the metal and engineering industry has adapted to changes in markets better than anticipated. Exports of basic metal products have also expanded rapidly despite the weakness of world market prices of metals and minerals.

In other manufacturing industries structural adjustment has not been as easy. With the decline in exports to CMEA countries, the food industry alone has noticeably increased its exports to western markets this year. Despite buoyant consumer demand in Europe, the textile and clothing industry has not succeeded in increasing its exports to western markets.

After some initial decline caused by the fall in the dollar, export prices began to recover in the third quarter of last year and have continued to advance at a modest pace this year. The appreciation of the Finnish markka by some two per cent in the spring has somewhat curbed the rise in export and import prices.

IMPORTS

Domestic demand strengthened appreciably in the course of last year. Buoyant consumption, together with a sharp rise in the propensity to import, led to a marked expansion in imports of consumer goods. A contributing factor may have been consumers' improved access to credit as a result of deregulation of financial markets. Reflecting the recovery of investment in machinery and equipment, there was also a modest increase in imports of investment goods. Although the growth of industrial pro-

duction was quite sluggish last year, the rebuilding of stocks boosted imports of raw materials and fuels. Thus, the overall growth of the volume of imports was more than double the growth of GDP.

The first six months of this year witnessed a further strengthening in the trends that emerged last year. The propensity to import has, at least temporarily, risen to a level hitherto unseen in the 1980s. Imports of consumer and investment goods have continued to expand at a rapid rate. The rise in the volume of raw material imports has also clearly exceeded the growth of industrial production. These developments may also partly reflect the unavoidable adjustment of the Finnish economy to changes in relative prices and market areas.

Since the fall in oil prices last year, Finnish import prices have remained stable. Consequently, there has been a further slight improvement in the terms of trade in the course of this year.

PROSPECTS

The immediate outlook for Finnish exports to western markets is favourable, even though the rate of growth is expected to slow down somewhat. As exports to the CMEA countries are likely to stabilize at around the present level, the rate of growth of total exports should increase next year. The growth of imports is expected to moderate as stocks are replenished and the growth of domestic demand slackens. Hence, no fundamental changes are expected in Finland's trade balance in the near future. In the longer run, however, the outlook is clouded by the unresolved imbalances in world trade.

September 28, 1987

	1986		1987			
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 23	Sept. 30
Assets						
Gold and foreign currency claims	13 541	14 088	26 473	26 716	26 979	26 625
Gold	2 081	2 081	2 081	2 081	2 081	2 081
Special drawing rights	986	983	974	974	973	970
IMF reserve tranche	803	794	789	787	786	757
Convertible currencies	7 008	6 795	20 631	21 042	21 339	21 330
Tied currencies	2 663	3 435	1 997	1 832	1 800	1 486
Other foreign claims	2 566	2 585	4 439	4 450	4 452	4 469
Markka subscription to Finland's IMF quota	2 566	2 585	2 477	2 479	2 479	2 506
Term credit	—	—	1 962	1 971	1 972	1 962
Claims on financial institutions	13 897	14 074	5 180	5 210	4 893	4 923
Banks' cheque accounts	—	—	—	—	—	—
Call money credits	9 761	6 818	11	104	31	20
Term assets	—	2 381	239	229	—	—
Till-money credits	1 847	2 305	2 384	2 342	2 334	2 385
Bonds	2 141	2 111	2 137	2 124	2 110	2 099
Other claims on financial institutions	148	459	410	413	418	418
Claims on the public sector	1 004	1 002	964	964	965	965
Bonds	84	59	4	4	4	4
Total coinage	920	935	960	960	961	961
Other claims on the public sector	—	8	—	—	—	—
Claims on corporations	4 828	4 844	3 829	3 841	3 837	3 808
Financing of exports	1 642	1 749	905	915	923	914
Financing of domestic deliveries	2 910	2 833	2 677	2 683	2 673	2 653
Bonds	68	65	54	50	49	49
Other claims on corporations	208	197	193	193	193	193
Other assets	149	149	104	104	104	105
Total	35 985	36 742	40 989	41 287	41 231	40 894
Liabilities						
Foreign currency liabilities	28	31	111	105	103	97
Convertible currencies	19	17	66	57	51	39
Tied currencies	9	14	45	49	52	58
Other foreign liabilities	3 415	3 423	3 286	3 288	3 287	3 312
IMF markka accounts	2 567	2 585	2 477	2 479	2 479	2 506
Allocations of special drawing rights	848	838	809	809	808	806
Notes and coin in circulation	7 903	8 667	8 917	8 941	8 873	8 952
Notes	7 126	7 856	8 089	8 113	8 045	8 124
Coin	777	811	828	827	827	828
Liabilities to financial institutions	11 000	9 729	16 244	16 402	16 382	16 051
Banks' cheque accounts	0	0	0	—	—	—
Call money deposits	1 886	131	564	819	657	243
Term liabilities	—	—	5 288	5 198	5 302	4 883
Cash reserve deposits	8 954	9 270	10 335	10 335	10 335	10 853
Capital import deposits	65	254	—	—	—	—
Other liabilities to financial institutions	95	74	57	50	89	71
Liabilities to the public sector	890	2 001	0	1	1	0
Cheque accounts	0	1	0	1	1	0
Government deposit account	890	2 000	—	—	—	—
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	0	0	0	0	0
Liabilities to corporations	5 026	5 019	5 034	5 023	5 012	5 080
Deposits for investment and ship purchase	4 847	4 671	4 822	4 811	4 800	4 864
Capital import deposits	170	336	203	203	203	207
Other liabilities to corporations	9	12	9	9	9	9
Other liabilities	19	23	35	28	29	27
Valuation account and reserves	1 820	1 920	1 433	1 570	1 614	1 446
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 484	5 529	5 529	5 529	5 529	5 529
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	484	485	529	529	529	529
Undisposed profits	—	—	—	—	—	—
Net earnings	—	44	—	—	—	—
Total	35 985	36 742	40 989	41 287	41 231	40 894

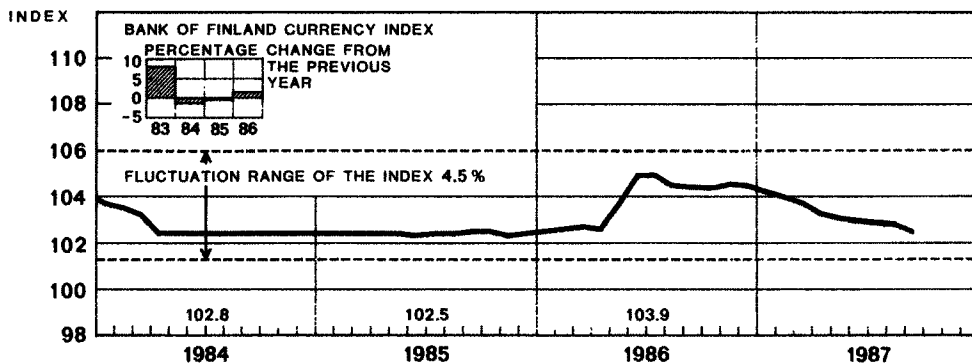
End of year or month	Foreign sector						Public sector			
	Gold SDRs, IMF reserve tranche	Convertible currencies, net	Total convertible reserves (1 + 2)	Tied currencies, net	Other claims, net	Net claims (3 to 5)	Claims	Government deposit account	Other liabilities	Net liabilities (8 - 7 + 9)
	1	2	3	4	5	6	7	8	9	10
1983	2 360	5 835	8 195	550	-794	7 951	2 178	3 000	0	822
1984	3 527	15 303	18 830	-337	-917	17 576	1 951	4 200	77	2 326
1985	3 787	18 572	22 359	-285	-849	21 225	1 023	4 300	0	3 277
1986	3 858	6 778	10 636	3 421	-838	13 219	1 002	2 000	1	999
1986										
Sept.	3 870	6 989	10 859	2 654	-849	12 664	1 004	890	0	-114
Oct.	3 865	7 490	11 355	3 225	-846	13 734	1 002	1 000	1	-1
Nov.	3 869	5 713	9 582	3 497	-844	12 235	1 008	800	1	-207
Dec.	3 858	6 778	10 636	3 421	-838	13 219	1 002	2 000	1	999
1987										
Jan.	3 818	9 344	13 162	4 127	-820	16 469	1 001	-	1	-1 000
Feb.	3 821	11 215	15 036	2 196	1 182	18 414	957	-	1	-956
March	3 813	13 468	17 281	2 537	1 168	20 986	959	-	1	-958
April	3 811	16 440	20 251	2 908	1 160	24 319	960	-	0	-960
May	3 815	19 442	23 257	3 036	1 165	27 458	959	-	1	-958
June	3 837	19 006	22 843	3 207	1 167	27 217	959	-	1	-958
July	3 837	19 991	23 828	2 899	1 173	27 900	954	-	1	-953
Aug.	3 843	19 744	23 587	2 041	1 164	26 792	963	-	1	-962
Sept.	3 808	21 291	25 099	1 428	1 157	27 684	965	-	0	-965

OFFICIAL FOREIGN EXCHANGE RESERVES

Mill. FIM

	Dec. 31, 1986	June 30, 1987	July 31, 1987	Aug. 31, 1987	Sept. 30, 1987
Gold	2 081	2 081	2 081	2 081	2 081
SDRs	983	969	969	973	970
IMF reserve tranche	794	787	787	789	757
Convertible currencies, net	6 778	19 006	19 991	19 744	21 291
Total convertible reserves, net	10 636	22 843	23 828	23 587	25 099
Tied currencies, net	3 421	3 207	2 899	2 041	1 428
Total reserves, net	14 057	26 050	26 727	25 628	26 527

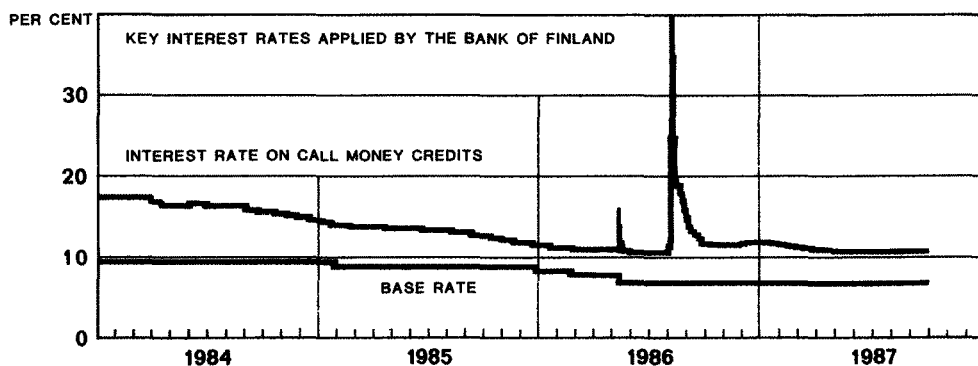
End of year or month	Domestic financial sector						Corporate sector				Notes and coin in circulation
	Bill-money credits	Term liabilities of deposit banks	Term assets of deposit banks	Net demand for call money by deposit banks	Cash reserve deposits of deposit banks	Other liabilities, net	Net claims (1+2-3+4-5-6)	Permanent special financing schemes	Liabilities, net	Net claims (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1983	942	.	.	5 175	5 039	-1 998	3 076	4 529	1 282	3 247	6 574
1984	1 563	.	.	2 802	8 696	-1 618	-2 713	4 646	2 614	2 032	7 442
1985	1 925	.	.	4 014	10 222	-1 386	-2 897	4 525	4 113	412	8 072
1986	2 305	2 381	.	6 687	9 270	-2 242	4 345	4 582	4 757	-175	8 667
1986											
Sept.	1 847	.	.	7 875	8 954	-2 129	2 897	4 552	4 750	-198	7 903
Oct.	1 755	.	.	7 040	9 052	-2 557	2 300	4 650	4 863	-213	7 973
Nov.	1 709	.	.	8 250	9 180	-2 542	3 321	4 659	4 786	-127	8 024
Dec.	2 305	2 381	.	6 687	9 270	-2 242	4 345	4 582	4 757	-175	8 667
1987											
Jan.	2 231	4 266	.	-370	9 353	-2 268	-958	4 360	4 685	-325	8 851
Feb.	2 012	4 736	1 600	-1 313	9 356	-2 227	-3 294	4 259	4 609	-350	8 453
March	2 177	3 572	4 000	-369	9 597	-2 243	-5 974	4 073	4 516	-443	8 325
April	2 114	2 111	6 703	878	9 734	-2 287	-9 047	3 927	4 427	-500	8 704
May	2 139	1 690	7 402	-872	9 975	-2 290	-12 130	3 807	4 222	-415	8 865
June	2 370	1 217	7 072	90	10 118	-2 488	-11 025	3 735	4 704	-970	9 011
July	2 234	89	5 709	157	10 435	-2 486	-11 178	3 706	4 806	-1 100	9 029
Aug.	2 439	258	4 199	-717	10 335	-2 486	-10 068	3 608	4 784	-1 176	9 013
Sept.	2 385	-	4 883	-223	10 853	-2 446	-11 128	3 567	4 838	-1 271	8 952



MONETARY POLICY INDICATORS

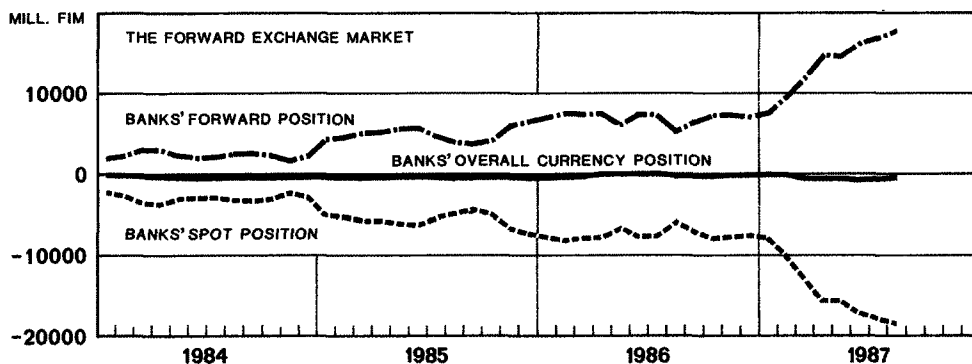
Average for period	Gross central bank debt of the deposit banks mill. FIM	Net central bank debt of the deposit banks mill. FIM	Cash reserve deposits of the deposit banks mill. FIM	Cash reserve requirement %	Call money credit extended by the Bank of Finland	Interest rate on call money credits %	3-month Helibor rate %	Base rate %	Average lending rate of the commercial banks %
	1	2	3	4	5	6	7	8	9
1982	3 201	-783	2 778	3.1	1 571	11.64		8.81	9.33
1983	4 539	-1 213	4 345	4.3	2 724	15.37		9.00	9.56
1984	3 176	-6 365	6 325	5.4	-39	16.53		9.50	10.49
1985	5 812	-8 293	9 578	5.6	1 285	13.37		9.04	10.41
1986	7 237	-3 208	9 189	4.8	5 861	13.43		7.42	9.08
1986									
July	7 556	-2 677	8 895	4.7	6 218	10.80		7.00	8.76
Aug.	11 014	1 239	9 030	4.7	10 269	24.17		7.00	8.79
Sept.	10 290	68	9 021	4.7	9 088	13.86		7.00	8.77
Oct.	7 846	-1 524	8 960	4.7	7 436	11.93		7.00	8.75
Nov.	7 616	-1 784	9 047	4.7	7 263	11.80		7.00	8.74
Dec.	9 785	580	9 183	4.7	8 321	11.97		7.00	8.81
1987									
Jan.	7 106	-2 248	9 275	4.7	3 594	11.99	12.25	7.00	8.81
Feb.	5 035	-6 671	9 353	4.7	-1 595	11.76	11.14	7.00	8.80
March	3 732	-9 717	9 362	4.7	-281	11.44	10.54	7.00	8.84
April	3 137	-13 160	9 602	4.7	-773	11.14	10.04	7.00	8.86
May	2 269	-14 575	9 758	4.7	42	11.00	9.89	7.00	8.87
June	1 707	-16 457	9 980	4.7	-285	11.00	9.69	7.00	8.91
July	895	-15 748	10 128	4.7	-912	11.00	9.63	7.00	8.93
Aug.	616	-15 586	10 431	4.7	254	11.00	9.55	7.00	8.94
Sept.	181	-15 918	10 352	4.9	-628	11.00	9.48	7.00	..

¹ End of period for monthly figures.



FORWARD EXCHANGE MARKETS IN FINLAND

Period	Banks' forward positions in mill. FIM with						Banks' forward selling rates for USD		
	Domestic firms			Foreign banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
1985	16 982	1 733	15 249	708	-9 005	6 876	3.3	3.2	3.1
1986	11 446	1 319	10 127	-2 461	-92	7 591	6.6	6.7	6.7
1986									
April	15 350	1 713	13 638	-854	-4 742	7 956	4.6	4.2	4.1
May	15 231	2 505	12 726	-1 642	-3 956	6 957	5.1	4.5	4.2
June	13 094	1 665	11 429	-575	-2 619	8 068	4.2	3.8	3.6
July	12 032	1 518	10 514	-1 170	-1 949	7 619	4.6	4.7	4.8
Aug.	12 351	2 393	9 958	-2 263	-1 559	6 006	12.5	7.8	7.1
Sept.	13 762	2 179	11 583	-1 981	-1 291	8 116	7.8	7.1	6.7
Oct.	13 147	2 047	11 100	-1 464	-996	8 388	6.6	6.5	6.3
Nov.	12 049	1 843	10 205	-2 224	-423	7 590	6.2	6.3	6.2
Dec.	11 446	1 319	10 127	-2 461	-92	7 591	6.6	6.7	6.7
1987									
Jan.	13 285	1 515	11 770	-2 248	-5	9 541	6.3	6.0	6.1
Feb.	14 389	1 385	13 003	-1 204	26	11 789	4.4	4.5	4.5
March	15 908	1 263	14 645	-490	18	14 262	4.0	3.9	3.8
April	17 739	1 145	16 594	-1 384	18	15 203	3.2	2.9	2.8
May	18 742	981	17 762	-1 465	-423	15 711	3.0	2.5	2.3
June	18 322	771	17 551	-163	-287	16 699	2.3	2.2	2.2
July	18 596	805	17 792	867	-712	18 055	2.7	2.5	2.4
Aug.	20 075	793	19 282	630	-987	18 966	2.8	2.5	2.4



FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange FIM

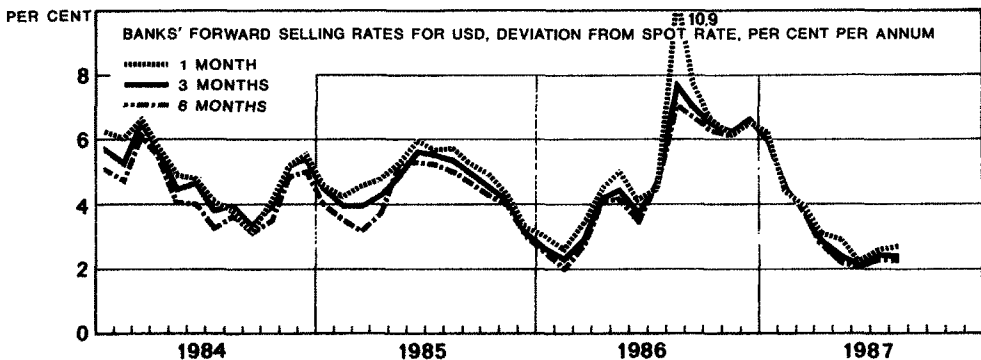
Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 1 Skr SEK	Oslo 1 Nkr NOK	Copenhagen 1 Dkr DKK	Frankfurt 1 DM DEM	Amsterdam 1 Hfl NLG	Brussels 1 FB BEC	Zurich 1 Sfr CHF	
	1	2	3	4	5	6	7	8	9	10	11	12
1982	4.820	3.913	8.423	6.854	0.7703	0.7484	0.5793	1.9876	1.8066	0.10584	0.09859	2.3779
1983	5.570	4.524	8.456	6.957	0.7275	0.7644	0.6107	2.1861	1.9566	0.10934	0.10742	2.6570
1984	6.010	4.645	8.023	6.533	0.7277	0.7384	0.5816	2.1165	1.8772	0.10428	0.10274	2.5642
1985	6.206	4.554	8.000	6.590	0.7222	0.7231	0.5871	2.1142	1.8745	0.10483	0.10421	2.5360
1986	5.078	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	0.11299	2.8349

1986

Aug.	4.940	3.564	7.356	6.665	0.7141	0.6731	0.6372	2.3966	2.1256	0.11580	0.11465	2.9748
Sept.	4.918	3.552	7.256	6.632	0.7127	0.6717	0.6377	2.4114	2.1360	0.11646	0.11525	2.9772
Oct.	4.896	3.532	7.005	6.669	0.7126	0.6674	0.6489	2.4446	2.1631	0.11780	0.11692	2.9852
Nov.	4.959	3.583	7.072	6.685	0.7133	0.6599	0.6495	2.4500	2.1685	0.11795	0.11725	2.9435
Dec.	4.907	3.562	7.055	6.712	0.7111	0.6529	0.6523	2.4649	2.1809	0.11853	0.11760	2.9443

1987

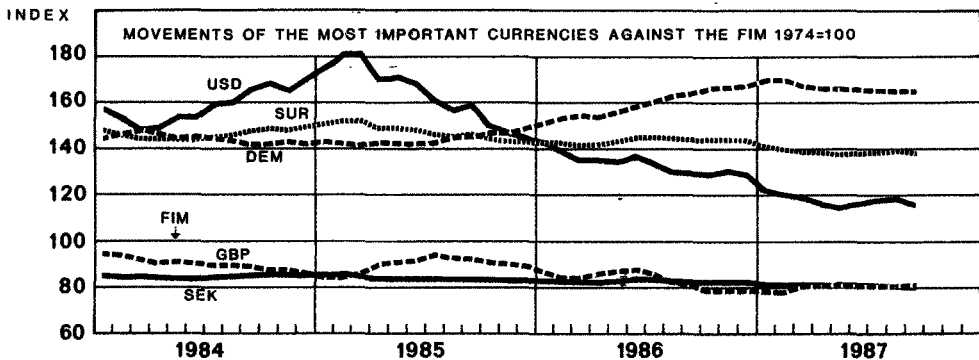
Jan.	4.641	3.413	6.998	6.689	0.7031	0.6485	0.6590	2.4988	2.2148	0.12042	0.11854	2.9774
Feb.	4.560	3.422	6.971	6.660	0.7021	0.6520	0.6619	2.4991	2.2140	0.12073	0.11934	2.9603
March	4.509	3.421	7.185	6.579	0.7040	0.6521	0.6537	2.4603	2.1785	0.11884	0.11821	2.9353
April	4.422	3.360	7.216	6.535	0.7014	0.6542	0.6480	2.4429	2.1652	0.11797	0.11747	2.9599
May	4.358	3.253	7.280	6.534	0.6979	0.6561	0.6486	2.4398	2.1648	0.11770	0.11709	2.9689
June	4.427	3.311	7.221	6.530	0.6990	0.6606	0.6469	2.4353	2.1620	0.11754	0.11726	2.9367
July	4.487	3.389	7.236	6.522	0.6981	0.6652	0.6409	2.4309	2.1589	0.11730	0.11688	2.9246
Aug.	4.505	3.404	7.207	6.503	0.6956	0.6645	0.6334	2.4275	2.1547	0.11695	0.11627	2.9321
Sept.	4.394	3.344	7.240	6.493	0.6902	0.6624	0.6299	2.4258	2.1552	0.11686	0.11630	2.9284



Average selling rates for foreign exchange, FIM

Paris 1 FF FRF	Rome 1 Lit ITL	Vienna 1 OS ATS	Lisbon 1 Esc PTE	Reykjavik 1 lkr ISK	Madrid 1 Ptas ESB	Tokvo 1 Y JPY	Moscow 1 Cl Rbl SUR	Melbourne 1 A \$ AUD	1 European currency unit XEU	1 special drawing right SDR	Currency index ¹
13	14	15	16	17	18	19	20	21	22	23	24
0.7365	0.00358	0.2831	0.0613	0.4079	0.0441	0.01943	6.624	..	..	5.30563	115.9
0.7353	0.00369	0.3111	0.0514	0.2325	0.0391	0.02351	7.491	..	..	5.94325	125.1
0.6907	0.00344	0.3013	0.0414	0.1939	0.0375	0.02534	7.357	..	..	6.14739	102.8
0.6940	0.00327	0.3012	0.0367	0.1520	0.0366	0.02610	7.419	..	..	6.27879	102.5
0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	0.03028	7.228	..	..	5.94432	103.9
0.7368	0.00350	0.3409	0.0341	0.1240	0.0369	0.03209	7.278	..	..	5.96080	104.5
0.7379	0.00351	0.3431	0.0339	0.1238	0.0368	0.03182	7.255	..	..	5.94398	104.5
0.7481	0.00355	0.3481	0.0337	0.1236	0.0369	0.03139	7.252	..	..	5.92250	104.5
0.7506	0.00355	0.3483	0.0335	0.1243	0.0366	0.03049	7.263	..	..	5.93316	104.6
0.7524	0.00357	0.3505	0.0333	0.1231	0.0366	0.03025	7.242	..	..	5.91076	104.6
0.7512	0.00354	0.3553	0.0329	0.1190	0.0360	0.03004	7.107	3.084	5.156	5.79556	104.3
0.7517	0.00353	0.3555	0.0325	0.1184	0.0356	0.02975	7.050	3.063	5.153	5.74575	104.1
0.7407	0.00347	0.3503	0.0322	0.1176	0.0352	0.02980	7.003	3.119	5.103	5.71328	103.8
0.7350	0.00343	0.3478	0.0319	0.1162	0.0350	0.03097	6.971	3.165	5.072	5.70115	103.3
0.7316	0.00339	0.3474	0.0316	0.1155	0.0350	0.03106	6.935	3.136	5.063	5.67351	103.1
0.7306	0.00337	0.3468	0.0315	0.1163	0.0352	0.03066	6.969	3.196	5.050	5.68539	103.0
0.7316	0.00337	0.3460	0.0314	0.1170	0.0355	0.02989	6.985	3.199	5.045	5.68463	103.0
0.7288	0.00337	0.3455	0.0313	0.1171	0.0360	0.03057	7.020	3.206	5.031	5.70792	102.9
0.7280	0.00337	0.3450	0.0311	0.1155	0.0364	0.03071	6.953	3.215	5.031	5.66425	102.5

¹ Until December 31, 1983 the base year was 1974=100.
Since January 1, 1984 the base year has been 1982=100.



DEPOSITS BY THE PUBLIC

Mill. FIM

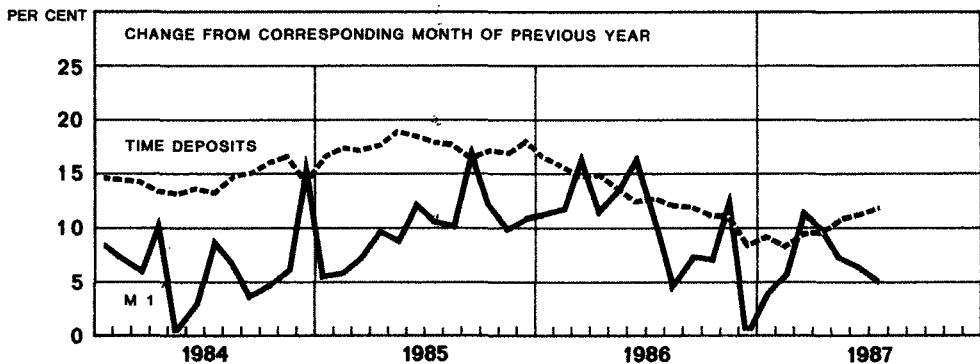
End of year and month	Demand deposits				Time deposits					Total (4 + 9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks (1 to 3)	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks (5 to 8)	
	1	2	3	4	5	6	7	8	9		10
1983	7 056	4 567	3 676	15 300	34 302	29 273	24 175	9 938	97 689	112 988
1984	8 470	5 268	4 463	18 201	39 354	33 333	27 900	11 266	111 852	130 053
1985	9 382	5 988	5 027	20 397	49 240	38 167	32 133	12 671	132 210	152 607
1986*	9 643	6 235	4 194	20 071	51 003	42 315	36 263	13 992	143 572	163 643

1986*

July	9 141	5 837	5 629	20 606	49 832	40 837	34 897	12 981	138 547	159 153
Aug.	7 368	5 661	5 873	18 902	49 962	41 026	35 073	13 209	139 270	158 172
Sept.	9 240	5 842	5 871	20 953	49 591	41 102	35 046	13 045	138 784	159 737
Oct.	9 505	5 890	4 899	20 294	49 922	41 403	35 283	13 603	140 211	160 505
Nov.	9 010	6 073	5 278	20 361	50 201	41 867	35 636	13 778	141 482	161 843
Dec.	9 643	6 235	4 194	20 071	51 003	42 315	36 263	13 992	143 572	163 643

1987*

Jan.	9 054	5 891	4 401	19 346	51 823	43 129	37 068	14 402	146 423	165 770
Feb.	8 874	5 839	4 613	19 326	51 697	43 997	37 750	14 340	147 784	167 111
March	10 518	6 111	4 503	21 132	52 127	43 924	37 684	14 222	147 956	169 088
April	9 752	6 408	5 127	21 287	53 004	44 510	38 123	14 570	150 207	171 493
May	9 044	6 614	5 245	20 903	53 786	45 126	38 707	15 004	152 624	173 527
June	10 730	6 961	5 540	23 231	54 074	45 669	39 019	15 147	153 909	177 140
July	9 489	6 705	5 432	21 626	54 525	46 098	39 248	15 224	155 095	176 720



ADVANCES TO THE PUBLIC – MONEY SUPPLY

Mill. FIM

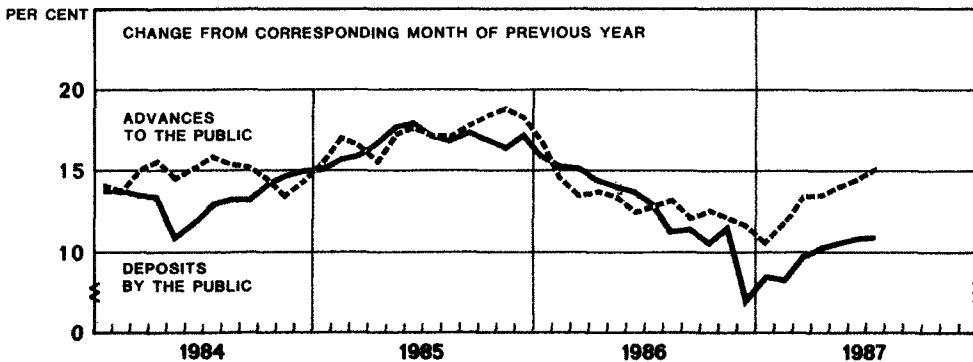
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi-Money
	1	2	3	4	5	6	7		8	9	10
1983	56 162	29 276	27 322	13 471	104 627	4 350	17 253	126 231	21 427	121 906
1984	65 965	32 705	31 164	14 687	118 924	5 233	20 363	144 520	24 945	141 658
1985	81 669	36 991	35 751	16 745	140 139	6 313	24 704	171 155	27 694	166 652
1986*	88 188	42 230	40 776	20 052	158 689	7 542	25 016	191 246	27 838	179 324

1986*

July	85 332	39 927	38 490	18 504	151 405	7 369	23 480	182 253	27 670	173 524
Aug.	86 187	40 328	38 977	18 987	153 012	8 393	23 073	184 479	26 030	172 484
Sept.	86 148	40 864	39 542	19 607	154 570	7 771	23 819	186 160	28 064	174 220
Oct.	87 572	41 343	39 913	20 120	156 083	7 573	25 294	188 949	27 471	175 271
Nov.	88 261	41 642	40 213	20 571	157 222	7 644	25 820	190 686	27 915	176 682
Dec.	88 188	42 230	40 776	20 052	158 689	7 542	25 016	191 246	27 838	179 324

1987*

Jan.	88 786	42 644	40 929	20 238	160 024	7 455	25 118	192 597	27 075	181 194
Feb.	90 278	43 090	41 263	20 448	161 541	7 557	25 981	195 079	26 782	182 436
March	91 254	43 663	41 877	20 981	162 649	7 943	27 183	197 775	28 901	183 992
April	92 616	44 403	42 305	21 113	164 310	8 019	28 108	200 437	29 029	186 783
May	94 605	45 155	42 967	21 439	166 436	7 998	29 732	204 167	28 547	188 548
June	96 129	45 869	43 506	21 678	168 879	8 224	30 079	207 182	30 754	192 092
July	97 155	46 628	44 254	21 994	170 902	8 262	30 867	210 031	29 126	192 062



STATE FINANCES

Mill. FIM

Revenue	Jan.-June		Expenditure	Jan.-June	
	1986	1987		1986	1987
Income and wealth tax (net)	12 959	13 789	Wages, salaries, pensions etc.	7 169	8 192
Gross receipts	34 634	38 389	Repair and maintenance	801	832
Refunds & local authorities	-21 675	-24 600	Other consumption expenditure	4 470	5 116
Other taxes on income and wealth	269	307	Total consumption expenditure	12 441	14 139
Employers' child allowance payments	4	0	State aid to local authorities	11 202	13 238
Sales tax	11 288	15 006	State aid to industries	4 838	5 368
Customs duties and import charges and levies	544	858	of which: agric. price subsidies	2 207	2 793
Excise duties	6 238	5 296	Child allowances	650	1 372
Excise duty on alcoholic bevs.	2 130	2 306	Share in national pensions and sickness insurance schemes	875	1 397
Excise duty on tobacco	807	923	Deficit of State enterprises	841	800
Excise duty on liquid fuel	2 351	1 456	Other transfer expenditure	7 214	7 585
Other excise duties	951	612	Total transfer expenditure	25 620	29 759
Tax on autom. and motor-cycles	1 106	1 778	Machinery and equipment	1 057	1 423
Stamp duties	1 631	1 613	Construction of buildings	427	539
Special diesel etc. vehicles tax	199	226	Land and waterway construction	1 045	1 221
Other taxes and similar revenue	964	1 161	Total real investment	2 530	3 183
Total taxes	35 203	40 034	Interest on State debt	2 782	3 009
Miscellaneous revenue	3 239	3 745	Other expenditure	8	14
Interest, dividends etc.	864	1 361	Total other expenditure	2 789	3 023
Surplus of state enterprises	970	1 159	Increase in inventories	123	481
Redemptions of loans granted	451	835	Lending	1 619	2 003
Total revenue	40 728	47 133	Other financial investment	419	550
Foreign borrowing	2 853	3 914	Total expenditure	45 541	53 139
Domestic borrowing	4 558	5 001	Redemption of foreign loans	2 759	2 687
Total borrowing	7 411	8 915	Redemption of domestic loans	2 835	4 291
Deficit (+) or surplus (-)	2 996	4 069	Total redemptions	5 594	6 978
Total	51 135	60 117	Total	51 135	60 117

State debt	1985	1986	1987			
	Dec.	Dec.	April	May	June	July
Foreign debt	25 677	26 981	27 895	28 810	27 655	27 561
Long-term debt	20 872	24 602	24 382	25 002	25 312	25 826
Short-term credit	432	411	451	584	678	678
Domestic debt	21 304	25 013	24 833	25 586	25 990	26 504
Total State debt	46 981	51 994	52 728	54 396	53 645	54 065
Total debt mill. \$	8 562	10 597	11 923	12 483	12 118	12 051

FOREIGN TRADE

Mill. FIM

Value. mill. FIM

Period	Value. mill. FIM		
	Exports f.o.b	Imports c.i.f.	Surplus of exports (+) or imports (-)
	1	2	3
1982	63 026	64 751	-1 725
1983	69 692	71 528	-1 836
1984	80 904	74 682	+6 222
1985	84 028	81 520	+2 508
1986*	82 579	77 601	+4 978

1986*

Nov.	7 602	6 754	+848
Dec.	7 474	6 835	+639

1987*

Jan.	6 712	6 705	+7
Feb.	6 374	5 731	+643
March	7 362	7 328	+34
April	7 286	6 498	+788
May	7 008	7 153	-145
June	7 446	7 070	+375
July	6 625	6 430	+196

Jan.-July

1986*	45 338	43 249	+2 089
1987*	48 813	46 916	+1 897

Indices of exports and imports
1980 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	
1982	100	95	119	117	101
1983	104	98	127	125	101
1984	114	98	134	131	102
1985	115	104	138	135	102
1986	116	110	135	121	111

1985

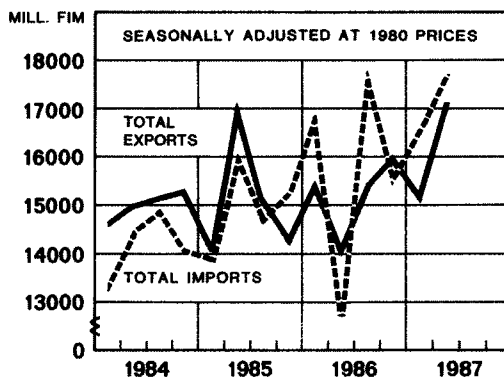
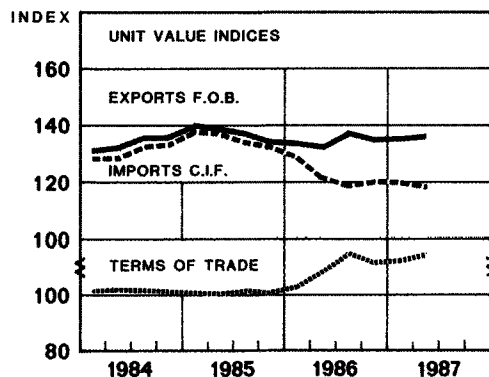
Apr.-June	122	106	139	138	101
July-Sept.	113	100	138	135	102
Oct.-Dec.	117	113	135	133	102

1986*

Jan.-March	113	110	134	129	103
Apr.-June	104	90	133	122	109
July-Sept.	116	119	138	120	115
Oct.-Dec.	128	115	136	121	112

1987*

Jan.-March	114	113	136	120	113
Apr.-June	120	120	137	119	115



FOREIGN TRADE BY MAIN GROUPS

Mill. FIM

Period	Exports, f.o.b					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and intermediate goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1	2	3	4	5	6	7	8	9	10	
1982	1 676	6 278	17 502	18 908	18 662	41 144	4 869	9 195	9 130	413
1983	1 723	6 944	19 327	20 211	21 487	44 757	5 006	10 860	10 572	333
1984	2 865	7 145	23 573	22 998	24 323	47 028	5 034	10 993	11 454	173
1985	2 678	6 728	25 030	24 412	25 179	50 944	5 502	11 675	12 967	432
1986*	2 478	6 947	24 600	26 115	22 439	45 413	3 949	12 898	15 069	273

1986*

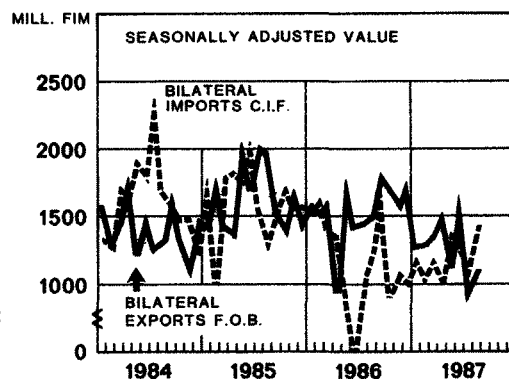
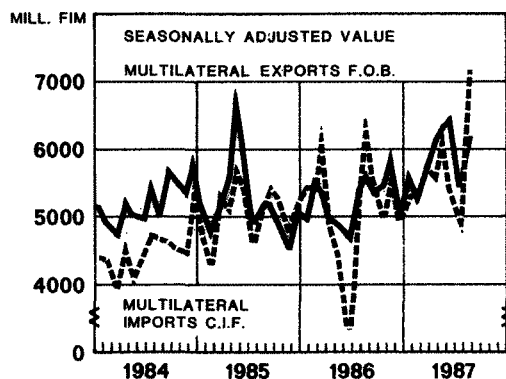
Nov.	163	755	2 190	2 443	2 051	3 866	314	1 197	1 368	10
Dec.	179	626	1 992	2 964	1 713	3 948	238	1 426	1 181	42

1987*

Jan.	213	584	2 040	2 073	1 803	3 921	304	1 079	1 255	146
Feb.	202	512	2 077	1 825	1 760	3 262	94	928	1 425	22
March	374	619	2 277	2 228	1 863	3 984	236	1 447	1 619	41
April	437	616	2 352	2 236	1 645	3 715	156	1 218	1 403	7
May	162	746	2 165	2 089	1 845	4 179	258	1 209	1 468	39
June	265	733	2 097	2 526	1 825	4 106	328	1 150	1 327	159
July	127	527	2 271	1 986	1 713	3 557	331	1 200	1 318	23

Jan.-July

1986*	1 622	3 711	13 657	13 766	12 582	25 694	2 226	6 902	8 339	88
1987*	1 781	4 336	15 279	14 963	12 454	26 722	1 707	8 231	9 819	437



FOREIGN TRADE BY COUNTRIES

Mill. FIM

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January–July				January–July			
	1986*		1987*		1986*		1987*	
	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM
OECD countries in Europe	61.2	27 751	64.8	31 639	62.2	26 887	63.0	29 569
Austria	0.9	403	1.1	540	1.3	551	1.3	600
Belgium and Luxembourg	1.8	795	1.7	809	2.4	1 039	2.7	1 255
Denmark	4.0	1 831	4.0	1 944	2.9	1 234	2.9	1 347
France	4.6	2 062	5.5	2 679	4.2	1 810	4.6	2 139
Federal Republic of Germany	9.8	4 461	10.8	5 291	17.1	7 381	17.5	8 191
Italy	2.1	955	2.6	1 251	4.3	1 859	4.5	2 108
Netherlands	3.6	1 639	3.8	1 849	3.0	1 287	3.0	1 419
Norway	4.5	2 034	4.6	2 224	2.4	1 027	2.2	1 029
Portugal	0.3	118	0.3	163	0.8	359	1.0	488
Spain	1.1	487	1.3	630	1.1	480	1.1	508
Sweden	14.5	6 578	14.2	6 936	13.5	5 827	13.0	6 086
Switzerland	1.6	747	1.8	892	2.0	853	2.1	982
United Kingdom	10.9	4 919	11.5	5 628	6.6	2 837	6.4	3 011
Other	1.6	722	1.6	803	0.8	343	0.9	405
OECD countries outside Europe	9.4	4 281	8.6	4 213	12.2	5 291	13.1	6 126
Canada	1.1	517	1.1	540	0.4	183	0.4	210
Japan	1.6	739	1.4	695	6.5	2 801	7.2	3 362
United States	5.5	2 495	5.1	2 496	4.9	2 134	5.1	2 408
Other	1.2	530	1.0	482	0.4	173	0.3	146
CMEA countries	21.1	9 581	17.5	8 540	17.9	7 730	17.0	7 979
Czechoslovakia	0.4	166	0.4	199	0.5	206	0.5	228
German Democratic Republic	0.3	152	0.4	181	0.6	240	0.5	231
Poland	0.3	129	0.3	158	1.4	614	0.7	348
Soviet Union	19.3	8 744	15.9	7 749	14.8	6 404	14.7	6 878
Other	0.9	390	0.5	255	0.6	266	0.6	295
Latin America	1.6	709	1.6	788	2.5	1 088	2.2	1 008
Argentina	0.1	41	0.1	43	0.1	62	0.1	47
Brazil	0.2	94	0.3	164	0.8	334	0.6	270
Colombia	0.1	46	0.1	49	0.7	292	0.4	192
Other	1.2	528	1.1	532	0.9	400	1.1	499
Other	6.7	3 016	7.4	3 633	5.2	2 253	4.8	2 235
GRAND TOTAL	100.0	45 338	100.0	48 813	100.0	43 249	100.0	46 916
of which								
EFTA countries	21.7	9 836	21.9	10 672	19.2	8 319	19.7	10 672
EEC countries	39.1	17 734	42.6	20 806	42.9	18 539	44.3	20 767
OECD countries	70.7	32 032	73.4	35 853	74.4	32 178	76.1	35 696

BALANCE OF PAYMENTS

Period	Exports f.o.b.	Imports c.i.f.	Trade account (1-2)	Transport. net	Travel. net	Other services. net	Goods and services account (3 to 6)	Invest- ment income. net	Un- requited transfers. net	Other. net	Current account (7 to 10)
	1	2	3	4	5	6	7	8	9	10	11
1983	67 960	70 731	-2 771	-3 200	-748	+1 692	-1 373	-5 808	-797	+13	-5 219
1984	78 961	73 496	+5 465	+4 008	-1 211	-209	+8 053	-6 761	-1 050	-336	-93
1985	82 475	80 764	+1 711	+3 671	-1 773	-330	+3 279	-6 287	-1 096	-413	-4 517
1986*	81 389	77 224	+4 165	+2 939	-2 419	-101	+4 584	-6 954	-1 748	-382	-4 500

1984

July-Sept. 18 983	18 922	+61	+1 144	-123	-236	+845	-1 601	-279	-75	-1 110
Oct.-Dec. 21 423	19 469	-1 954	+837	-392	+213	+2 613	-1 961	-285	-112	+254

1985

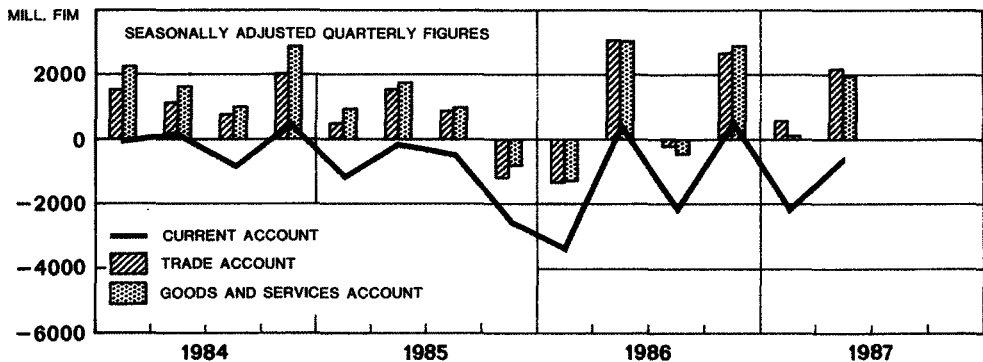
Jan.-March 19 734	18 667	+1 067	+935	-528	+18	+1 492	-1 872	-349	-148	-877
Apr.-June 22 109	21 120	+989	+1 016	-472	-237	+1 296	-1 649	-270	-82	-706
July-Sept. 20 284	19 366	+919	+906	-294	+81	+1 612	-1 257	-219	-86	+50
Oct.-Dec. 20 347	21 610	-1 263	+814	-479	-192	-1 121	-1 508	-259	-96	-2 984

1986*

Jan.-March 19 743	20 673	-930	+785	-600	-176	-921	-1 681	-551	-110	-3 263
Apr.-June 18 013	15 774	+2 238	+713	-645	-5	-2 301	-2 064	-372	-86	-220
July-Sept. 20 933	20 689	+244	+827	-513	-71	+487	-1 445	-354	-56	-1 369
Oct.-Dec. 22 700	20 088	+2 612	+615	-661	+151	+2 716	-1 763	-472	-130	+352

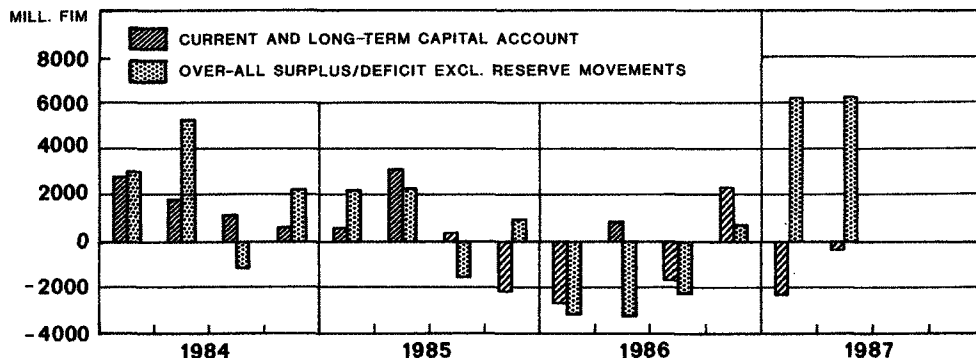
1987*

Jan.-March 20 134	19 695	+439	+584	-819	-198	+6	-1 769	-649	-108	-2 520
Apr.-June 21 418	20 613	+805	+714	-742	-98	+679	-2 217	-370	-111	-2 020



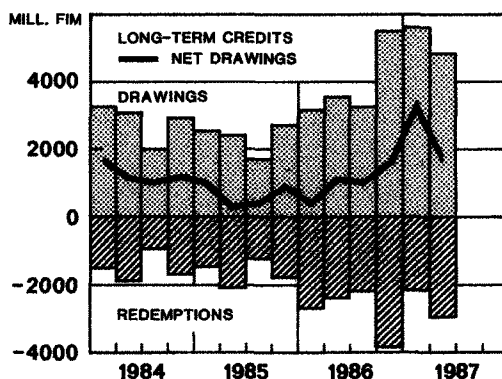
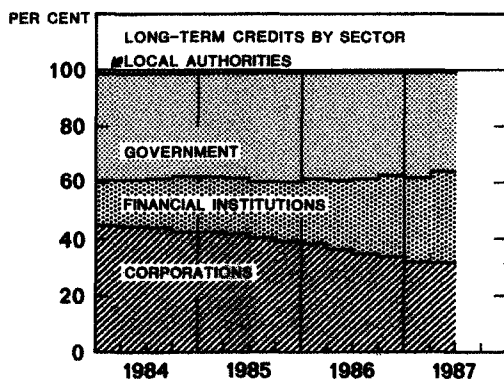
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net	Long-term capital account (12 to 15)	Current and long-term capital account (11 + 16)	Prepayments and liabilities related to imports	Prepayments and receivables related to exports	Short-term capital of authorized banks, net	Miscellaneous, short-term capital items, incl. errors and omissions	Over-all surplus deficit excl. reserve movements (17 to 21)	Bank of Finland foreign exchange reserves
12	13	14	15	16	17	18	19	20	21	22	23
+10 112	-7 273	-423	-1 388	+1 874	-3 344	+3 273	-3 380	+1 266	+24	-2 162	+2 162
+14 087	-7 538	-1 682	+1 365	+6 232	+6 138	+760	+2 995	+2 086	-2 704	+9 275	-9 275
+11 724	-8 237	+1 313	+1 697	+6 497	+1 980	+1 795	-3 177	+5 267	-2 121	+3 744	-3 744
+19 319	-13 930	+382	-2 427	+3 344	-1 156	-18	-307	-10 754	+4 305	-7 930	+7 930
+2 495	-1 185	-603	+1 460	+2 167	+1 057	+426	-128	-2 186	-309	-1 140	+1 140
+3 659	-2 115	-933	-293	+318	+572	+300	+1 718	-702	+319	+2 208	-2 208
+3 171	-1 855	+330	-88	+1 558	+681	-1 499	-1 122	+2 208	-1 113	+2 153	-2 153
+3 022	-2 612	+373	+3 059	+3 842	+3 136	+1 130	-1 460	+1 911	-2 489	+2 228	-2 228
+2 138	-1 555	+263	-548	+298	+347	-22	-270	-1 400	-222	-1 566	+1 566
+3 393	-2 215	+347	-726	+799	-2 185	-812	-324	+2 548	+1 703	+930	-930
+3 955	-3 377	+241	-236	+583	-2 680	+1 822	-564	-3 085	+1 345	-3 162	+3 162
+4 434	-2 991	-111	-316	+1 016	-795	-1 172	-657	-2 589	+386	-3 236	+3 236
+4 065	-2 745	+110	-1 679	-249	-1 618	+1 044	+475	-3 349	+1 235	-2 213	+2 213
+6 865	-4 817	+142	-195	+1 995	+2 347	-1 712	+440	-1 731	+1 338	+681	-681
+6 989	-2 721	-257	-3 768	+243	-2 277	+1 294	+1 688	+6 464	-934	+6 236	-6 236
+6 048	-3 699	+84	-789	+1 644	-376	+1 229	-579	+4 522	+1 441	+6 237	-6 237

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

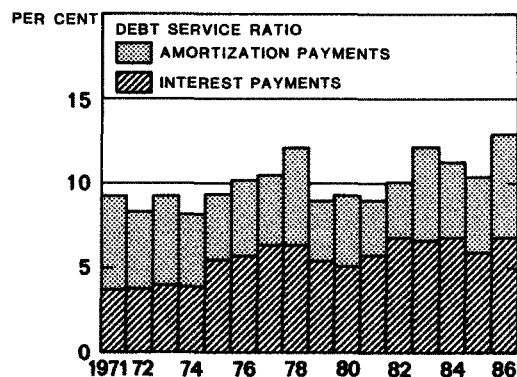
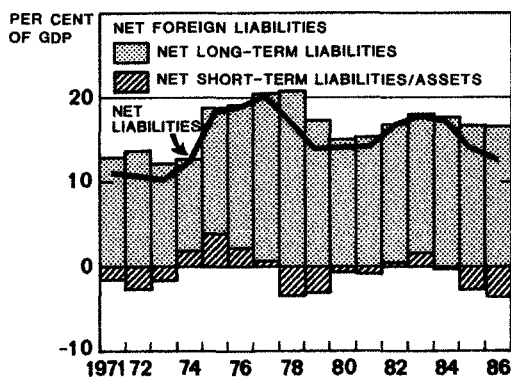


FINLAND'S FOREIGN ASSETS AND LIABILITIES

End of year and month	Long-term assets				Long-term liabilities						Net long-term liabilities (10-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Portfolio investment	Other	Total (5 to 9)	
	1	2	3	4	5	6	7	8	9	10	11
1983	6 612	6 166	3 932	16 710	53 118	4 472	2 317	848	763	61 518	44 808
1984	8 920	8 689	1 915	19 524	63 958	3 865	2 905	2 013	805	73 546	54 022
1985	6 539	10 524	2 774	19 837	63 228	2 893	3 274	6 313	895	76 603	56 766
1986*	5 647	13 735	4 252	23 634	68 072	2 072	4 880	6 959	953	82 936	59 302
1984											
Sept.	7 767	7 834	1 839	17 440	60 497	3 951	2 410	1 957	834	69 649	52 209
Dec.	8 920	8 689	1 915	19 524	63 958	3 865	2 905	2 013	805	73 546	54 022
1985											
March	8 473	9 942	2 061	20 476	64 484	3 651	2 899	2 900	778	74 712	54 236
June	8 027	10 379	2 177	20 583	64 801	3 318	3 058	6 317	873	78 367	57 784
Sept.	7 194	10 484	2 167	19 845	63 385	3 064	3 104	6 210	867	76 630	56 785
Dec.	6 539	10 524	2 774	19 837	63 228	2 893	3 274	6 313	895	76 603	56 766
1986*											
March	6 103	10 702	2 712	19 517	63 570	2 803	3 356	6 407	820	76 956	57 439
June	6 158	11 685	2 784	20 627	66 600	2 546	3 419	7 117	832	80 514	59 887
Sept.	5 865	12 609	3 119	21 593	67 670	2 487	3 685	6 911	906	81 659	60 066
Dec.	5 647	13 735	4 252	23 634	68 072	2 072	4 880	6 959	953	82 936	59 302
1987*											
March	5 654	14 295	6 857	26 806	69 965	1 986	5 003	6 572	1 683	85 209	58 403
June	5 582	15 005	7 133	27 720	72 559	1 866	5 148	6 578	1 627	87 778	60 058



Short-term assets				Short-term liabilities				Net short-term liabilities (19-15)	Net liabilities (11+20)	Debt service flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (12 to 14)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (16 to 18)				
12	13	14	15	16	17	18	19	20	21	22	23
11 842	29 263	15 915	57 020	5 705	39 443	16 181	61 328	4 308	49 116	10 875	4 914
22 912	43 319	12 804	79 035	4 562	55 695	17 988	78 245	-790	53 232	11 594	4 613
25 183	38 775	18 155	82 113	4 070	51 374	17 354	72 798	-9 314	47 452	11 276	4 808
16 613	54 598	18 381	89 593	3 455	56 881	16 119	76 454	-13 138	46 164	13 356	6 185
21 064	34 621	14 727	70 411	4 815	47 882	17 431	70 128	-283	51 926	2 223	596
22 912	43 319	12 804	79 035	4 562	55 695	17 988	78 245	-790	53 232	3 387	1 377
24 785	44 984	15 869	85 638	4 535	59 386	19 328	83 249	-2 390	51 846	3 397	1 561
26 208	46 661	18 635	91 504	3 729	62 896	19 987	86 612	-4 891	52 893	2 791	1 039
24 770	44 927	18 183	87 880	4 240	59 370	19 120	82 730	-5 150	51 635	2 320	1 011
25 183	38 775	18 155	82 113	4 070	51 374	17 354	72 798	-9 314	47 452	2 768	1 197
21 647	40 424	18 037	80 109	3 659	50 424	18 682	72 765	-7 343	50 096	3 858	2 126
18 470	45 237	18 213	81 921	3 499	52 647	16 965	73 111	-8 809	51 078	3 288	1 176
16 168	51 541	17 881	85 591	3 565	55 602	18 234	77 401	-8 190	51 876	2 312	837
16 613	54 598	18 381	89 593	3 455	56 881	16 119	76 454	-13 138	46 164	3 897	2 046
22 482	50 790	16 344	89 616	3 521	59 536	18 556	81 612	-8 003	50 400	3 541	1 733
28 686	54 712	16 799	100 197	3 490	67 981	19 876	91 347	-8 850	51 208	4 669	2 426



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1980 = 100						Building costs 1980 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1	2	3	4	5	6	7	8	9	10	
1985	1 324	140.5	143.1	132.8	137.5	145.8	142.4	144.3	144.4	142.8
1986	1 264	133.2	139.8	113.1	122.3	145.7	148.0	150.5	153.9	148.2
1987										
Jan.	1 269	132.9	139.9	111.7	121.0	145.6	149.9	154.0	158.9	151.4
Feb.	1 271	133.2	140.3	111.8	120.9	146.2	151.0	154.3	158.9	151.8
March	1 274	133.3	140.6	111.0	120.6	146.6	151.4	155.8	165.2	151.4
April	1 277	133.7	141.2	110.9	120.7	146.9	152.7	156.9	165.5	153.3
May	1 276	133.9	141.5	110.8	120.7	146.9	153.8	157.2	165.5	153.6
June	1 278	134.1	141.6	111.3	120.7	147.3	154.4	157.5	165.5	153.9
July	1 284	134.9	142.2	112.5	121.6	148.1	154.7	157.9	165.4	154.4
Aug.	1 285	135.0	142.4	112.8	121.8	147.9	155.4	158.2	165.4	154.9

Period	Consumer prices 1981 = 100									
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent, heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
	1	2	3	4	5	6	7	8	9	10
1985	134.6	139.1	140.3	126.1	130.9	129.7	155.7	130.4	132.5	140.4
1986	139.4	144.2	146.4	131.6	134.5	135.0	164.1	130.7	139.9	149.0
1987										
Jan.	142.2	145.1	152.9	130.9	134.6	137.7	170.3	135.0	146.3	154.3
Feb.	142.7	145.4	152.9	132.7	134.6	138.0	171.6	135.8	146.5	155.1
March	143.4	146.3	155.2	134.6	134.6	138.7	171.6	137.2	146.8	155.1
April	144.0	147.2	155.5	135.3	134.7	139.4	172.8	138.0	147.8	155.3
May	144.3	146.3	155.7	135.7	135.5	140.0	172.8	138.2	148.2	156.4
June	144.6	146.7	155.7	135.8	135.5	140.1	175.3	139.3	148.2	156.7
July	144.7	146.9	155.7	134.2	135.5	139.6	177.7	139.7	148.2	156.8
Aug.	145.0	147.6	155.7	135.3	135.5	140.1	177.7	139.1	148.2	158.3

WAGES

Index of wage and salary earnings 1980 = 100

Period	By industries				By institutional sectors			All salary earners	All wage earners	All employees
	Wage earners in			Employees in services	State employees	Municipal employees	Employees in private sector			
	Agriculture	Industry	Construction							
1	2	3	4	5	6	7	8	9	10	
1984	148.5	149.9	152.8	152.8	147.1	154.7	150.5	151.4	149.7	150.8
1985	160.6	161.2	168.8	165.1	158.8	166.7	163.5	164.2	162.2	163.5
1986*	176.3	171.0	179.0	178.6	169.9	180.1	174.5	176.6	172.0	174.9
1986*										
Apr.-June	174.7	172.1	174.3	178.7	170.5	180.2	174.4	176.8	171.7	175.0
July-Sept.	172.2	171.5	178.8	179.8	171.0	181.3	175.2	177.8	172.2	175.8
Oct.-Dec.	180.9	173.7	187.4	181.5	171.2	182.9	178.7	179.9	176.0	178.5
1987*										
Jan.-March	182.1	178.7	190.0	185.6	177.9	186.5	182.0	183.6	179.9	182.3
Apr.-June	190.0	183.6	193.0	188.9	186.0	191.7	188.3	191.0	184.6	188.7

PRODUCTION

Volume indices of production 1985 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1985										
Jan.-March	93	97	71	114	78	86	95	87	99	94
Apr.-June	99	105	75	122	81	103	99	98	99	101
July-Sept.	98	92	172	42	105	105	97	101	100	99
Oct.-Dec.	109	107	83	122	136	107	109	113	101	106
1986*										
Jan.-March	94	94	69	106	78	88	97	90	102	98
Apr.-June	100	105	75	100	70	107	98	104	99	106
July-Sept.	103	94	178	43	110	107	102	107	103	105
Oct.-Dec.	112	111	84	115	139	107	114	114	104	112
1987*										
Jan.-March	99	100	69	106	76	88	101	95	105	102

PRODUCTION

Index of industrial production 1980 = 100

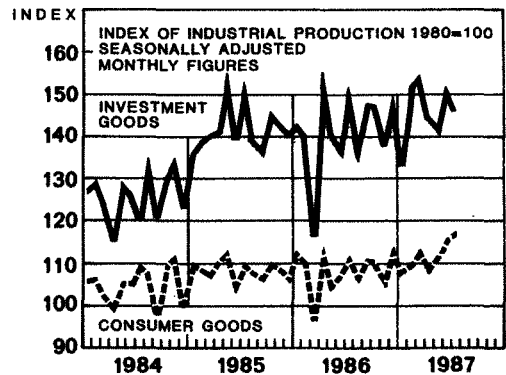
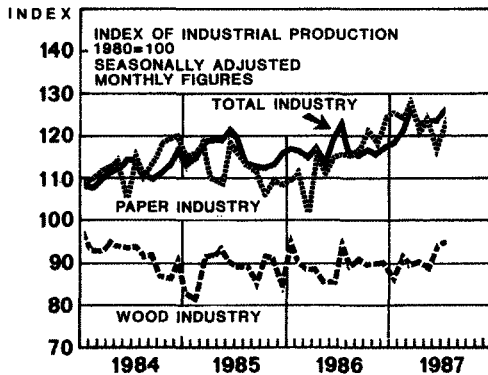
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
	1	2	3	4	5	6	7	8	9	10	11
1984	111.8	126.8	105.6	111.9	109.3	92.4	114.3	111.5	108.4	120.0	112.1
1985	116.2	142.6	109.0	114.6	111.8	88.8	113.3	116.0	111.3	129.6	116.6
1986*	117.2	142.4	109.2	116.3	112.4	90.2	115.6	117.8	108.1	131.8	117.5

1986*

July	86.2	73.6	74.6	93.6	105.9	47.5	130.2	83.6	74.0	71.9	124.3
Aug.	114.3	126.8	107.3	115.1	109.6	81.7	121.0	122.1	123.7	120.2	117.2
Sept.	125.3	152.0	116.2	124.5	113.4	105.9	116.5	124.7	144.5	143.9	115.9
Oct.	134.7	166.3	126.5	132.7	141.3	109.1	128.4	121.2	145.9	156.2	117.1
Nov.	123.9	149.5	116.9	122.3	130.5	92.7	121.2	125.2	120.6	140.3	115.9
Dec.	117.5	146.6	110.2	115.6	114.3	73.1	118.0	117.1	94.2	135.5	117.5

1987*

Jan.	121.4	138.0	115.6	120.8	102.9	82.0	127.9	118.5	98.4	128.0	118.5
Feb.	116.1	146.0	106.7	115.0	93.6	84.5	122.7	109.3	93.3	129.9	121.5
March	131.6	170.3	119.2	130.5	104.8	94.9	131.3	130.8	112.0	153.8	127.7
April	120.6	150.9	111.9	119.1	110.5	103.8	111.9	122.9	109.8	138.0	123.3
May	124.7	159.1	113.5	123.8	107.9	101.3	125.0	126.0	119.0	144.8	124.1
June	123.4	169.0	110.5	121.4	113.1	109.2	104.6	122.2	120.7	151.1	124.0
July	88.5	71.8	78.7	95.7	105.0	47.4	139.5	82.3	76.2	72.0	127.2



LABOUR – TIMBER FELLINGS – INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1980 = 100	Wholesale volume index 1980 = 100
	1	2	3	4	5	6	7	8
1985*	3 710	2 600	2 437	163	6.3	43 349	114	110
1986*	3 716	2 612	2 431	182	7.0	38 832	117	115
1986*								
June	3 717	2 788	2 598	190	6.8	2 472	118	110
July	3 717	2 790	2 600	190	6.8	1 124	125	104
Aug.	3 718	2 647	2 481	166	6.3	1 194	116	114
Sept.	3 715	2 600	2 428	172	6.6	2 143	116	126
Oct.	3 716	2 576	2 394	182	7.1	3 100	122	130
Nov.	3 717	2 567	2 392	175	6.8	3 626	110	115
Dec.	3 718	2 572	2 399	173	6.7	3 981	138	127
1987*								
Jan.	3 719	2 510	2 337	173	6.9	3 173	114	103
Feb.	3 718	2 487	2 346	141	5.7	4 912	104	106
March	3 718	2 520	2 376	144	5.7	5 678	112	125
April	3 720	2 518	2 384	134	5.3	5 692	122	126
May	3 720	2 535	2 411	124	4.9	3 888	122	123
June	3 719	2 707	2 577	130	4.8	2 309	126	123
July	3 720	2 720	2 597	123	4.5	953	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
	1	2	3	4	5	6	7	8	9	10	11
1985*	48.17	18.17	6.70	16.53	3.41	44.74	17.40	4.94	15.97	3.35	49.64
1986*	48.02	16.94	6.23	17.29	4.00	40.36	15.29	5.09	13.49	3.51	52.27
1985*											
Oct.-Dec.	9.69	2.98	0.90	4.32	0.88	15.84	5.67	1.89	6.44	0.82	49.64
1986*											
Jan.-March	9.30	2.98	1.20	4.09	0.51	8.36	3.62	0.58	2.96	0.68	46.70
Apr.-June	17.03	6.88	2.99	4.91	0.97	5.50	2.33	0.73	1.65	0.39	56.14
July-Sept.	12.78	4.35	1.27	4.82	1.26	11.67	3.93	1.84	3.79	1.29	57.28
Oct.-Dec.	8.91	2.73	0.77	3.47	1.26	14.83	5.41	1.94	5.09	1.15	52.27
1987*											
Jan.-March	8.58	2.85	0.97	3.42	0.90	7.46	3.20	0.67	2.66	0.52	49.21

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Claims = Government promissory notes + Bonds + Total coinage + Other claims on the public sector. Other liabilities = Cheque accounts + Counter cyclical reserves + Counter-cyclical deposits + Capital import deposits - Other liabilities to the public sector. Certificates of deposit are interest bearing, freely transferable term liabilities of the Bank of Finland sold to the government. Their maturities range from one week to one year. As from November 1, 1983, certificates of deposit were replaced by the government deposit account.

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other liabilities to financial institutions - Bonds - Other claims on financial institutions.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers' credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + import lev deposits + Export deposits + Other liabilities to corporations - Bonds - Other claims on corporations.

MONETARY POLICY INDICATORS

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

Gross central bank debt of the deposit banks = call money credits and term credits extended to and certificates of deposit bought from the commercial banks and Postipankki. As from January 1984, the only source of central bank debt was the call money market. Three month term credits were introduced in December 1986 and open market operations in CDs were started in March 1987. Banks' borrowing from the central bank is monitored; a bank exceeding stipulated limits comes under the special surveillance of the central bank. The rate of interest on call money credits is set by the central bank. The 3-month HELBOR is the arithmetic mean of daily inter-bank offered rates for the four biggest commercial banks and Postipankki.

Net central bank debt of the deposit banks = Gross central bank debt of the deposit banks - The commercial banks' and Postipankki's call money and term deposits and their holdings of CDs issued by the Bank of Finland. - All deposit banks' cash reserve deposits at the Bank of Finland.

Cash reserve deposits of the deposit banks equal the total amount of cash reserve deposits at the Bank of Finland made by the deposit banks under the Cash Reserve Agreement of September 7 1984. The deposit banks consist of the commercial banks, co-operative banks, savings banks and Postipankki.

The cash reserve requirement is set each month by the Bank of Finland as the percentage of each bank's stock of deposits and major part of a bank's net foreign debt which must be deposited at the central bank. Deposits are to be made one month after the close of the month to which the coefficient applies.

Call money credit extended by the Bank of Finland = Demand for call money by the deposit banks - Supply of call money by the deposit banks.

As from the beginning of 1986, the call money interest rate was differentiated into two separate rates of interest, the rate on call money credits and a lower one, the rate on call money deposits. As from the beginning of 1986, the figures on page 6 and the chart illustrating the call money rate have been prepared on the basis of the rate on call money credits.

FORWARD EXCHANGE MARKETS IN FINLAND

Page 7. The figures for columns 1-6 are calculated by the Bank of Finland on the basis of monthly reports from the banks on their outstanding forward exchange positions at the end of each month. The figures for columns 7-9 are based on monthly averages of daily representative quotations, as reported by the banks to the Bank of Finland.

The banks' foreign currency positions shown in the chart at the bottom of page 7 are monthly averages of daily spot and forward positions vis-à-vis the markka as reported by the commercial banks to the Bank of Finland. The spot position includes all foreign currency-denominated assets and liabilities of the banks, excluding their outstanding forward contracts.

FOREIGN EXCHANGE RATES

Pages 8-9. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. From the beginning of 1987, all quotations are expressed as FIM per one unit of foreign currency. The Australian dollar (AUD) and the European Currency Unit (XEU) is shown as annual and monthly averages of daily index numbers. The chart at the bottom of page 8 shows the banks' forward selling rates for the US dollar as deviations from the spot rate.

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

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

Page 10. *Deposits by the public*. The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 11. *Advances to the public*. The central government and the financial institutions are not included in the public.

Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply M₁ = Finnish notes and coins in circulation - Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland). Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

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

STATE FINANCES

Page 12. Official figures computed by the Economics Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis.

FOREIGN TRADE

Pages 13-15. Figures supplied by the Board of Customs. *Indices* (p. 13): The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries*: (p. 15): from January 1980 imports by countries of origin, exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 16-17. Figures are calculated by the Bank of Finland.

Columns 1-7. The figures for the trade and goods and services accounts are in accordance with the System of National Accounts.

Columns 12-13. Long-term loans comprise financial loans and import and leasing credits.

Column 15. Miscellaneous long-term capital items, net = direct investment, net + portfolio investment by foreigners + financial loans and development credits to abroad + Finland's subscriptions to international financial institutions, net.

Column 23. Changes in the foreign exchange reserves of the Bank of Finland exclude changes in the markka value of the reserves caused by changes in exchange rates.

FOREIGN ASSETS AND LIABILITIES

Pages 18-19. Figures calculated by the Bank of Finland.

Long-term assets: Other = financial loans - development credits + Finland's subscriptions to international financial institutions. Long-term liabilities: Portfolio investment = the outstanding amount of share issues by Finnish companies on foreign stock exchanges and of securities sold to foreign buyers through the Helsinki Stock Exchange. Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds.

Column 22. Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payment of long-term foreign assets and liabilities, excluding early repayments of loans due to the restructuring of debt, repatriations of equity capital (included under direct investment), as from the beginning of 1986 repurchases of shares (included under portfolio investment), and repayments of the Bank of Finland's reserve and oil credits.

Columns 22 and 23 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings.

PRICE INDICES

Page 20. All indices calculated by the Central Statistical Office.

WAGES - PRODUCTION

Pages 21-22. Figures supplied by the Central Statistical Office.

Page 22. *Index of industrial production* calculated by the Central Statistical Office. The grouping, by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II.

LABOUR - TIMBER FELLINGS - INTERNAL TRADE - CONSTRUCTION OF BUILDINGS

Page 23. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Forest Research Institute, *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

Owing to rounding, the figures in statistical tables do not necessarily add up to the totals shown.

SYMBOLS USED: * Preliminary, r Revised, 0 Less than half the final digit shown, . Logically impossible, . . Not available, - Nil, S affected by strike, - Break in series.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1 155 to 1 809 Finland formed a part of the kingdom of Sweden. Connected from 1 809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current term, January 27, 1982, to March 1, 1988, is Mauno Koivisto.

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1987 is as follows: Social Democratic Party of Finland 56, National Coalition Party 53, Centre Party 40, Democratic League of the People of Finland 16, Finnish Rural Party 9, Swedish People's Party 13, Christian League of Finland 5, The Greens 4 and Democratic alternative 4.

Finland is divided into 461 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of 4 years.

INTERNATIONAL ORGANIZATIONS

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

LAND

THE AREA is 338 000 square kilometres (Great Britain's area is 244 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1980) 2.5 mill. ha (8.2%) are cultivated and 19.7 mill. ha (64.5%) are covered by forests.

OWNERSHIP OF LAND (1979). The total land area was distributed among different classes of owners approximately as follows: private 58.7%, State 31.4%, joint stock companies etc. 7.4%, municipalities and parishes 2.5%.

POPULATION

NUMBER OF INHABITANTS (1985): 4.9 million. Sweden 8.4, Switzerland 6.5, Denmark 5.1, and Norway 4.2 million.

DENSITY OF POPULATION (1985): In South Finland 47.9, in East and Central Finland 14.3, in North Finland 4.2 and in the whole country an average of 16.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1985): 40% of the population inhabit the rural areas, 60% towns. The largest towns are: Helsinki (Helsingfors), the capital, 485 795 inhabitants, Tampere (Tammerfors) 169 026, Turku (Åbo) 161 398.

EMPLOYMENT (1986): Agriculture and forestry 11%, industry and construction 32%, commerce 15%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 28%.

LANGUAGE (1985): Finnish speaking 93.6%, Swedish speaking 6.1%, others 0.3%.

EDUCATION (1987): Practically all persons over 15 years of age are literate. There are 8 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1985): births 12.2 ‰, deaths 9.8 ‰, change + 3.5 ‰, net immigration + 0.6 ‰. Deaths in France 10.1 ‰ and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1986), in million FIM: Gross domestic product at factor cost by industrial origin: agriculture and fishing 13 993 (4%), forestry 9 943 (3%), manufacturing 85 036 (27%), construction 24 386 (8%), trade, restaurants and hotels 36 949 (12%), transport and communication 25 105 (8%), banking and insurance 14 851 (5%), ownership of dwellings 20 904 (6%), other services 84 562 (27%), total 315 729. Index of real domestic product 102 (1985 = 100).

FOREST RESOURCES (1984). The growing stock comprised of 1 660 million m³ (solid volume with bark) of which 45% was pine and 37% spruce the remaining 18% being broad-leaved trees chiefly birch. Of the growing stock 656 million m³ was up to the standard required for logs, 5.1% of these being pine. The annual growth was 68 million m³ and the total drain calculated on the basis of roundwood consumption was 52.3 million m³.

AGRICULTURE (1984). Cultivated land 2.4 million hectares. Number of holdings 203 933 of which 143 931 are of more than 5 ha. Measure of self-sufficiency in bread cereals 93%.

INDUSTRY (1984). Gross value of industrial production FIM 244 745 mill., number of workers 390 301, salaried employees 147 608, motive power 8.7 mill. kW, index of industrial production 111.8 for 1984 (1980 = 100).

STATE RAILWAYS (Dec. 31, 1985): Length 5 979 km.

MERCHANT FLEET (Sept. 30, 1987): Passenger vessels 167 (253 136 gross reg. tons), tankers 28 (241 604 gross reg. tons), dry cargo vessels 104 (258 220 gross reg. tons), other vessels 114 (70 897 gross reg. tons), total 413 (823 857 gross reg. tons).

AUTOMOBILES (Dec. 31, 1986): Passenger cars 1 619 848, lorries and vans 187 465, buses 9 166, other automobiles 12 470, total 1 828 949.

FINNISH AIRLINES (Feb. 28, 1985). Finnair has in use 1 DC-8-62, 3 DC-9-10, 5 DC-9-41, 12 DC-9-51, 3 DC-9 Super 82, 3 DC-10-30, 1 DC-10-30 ER and 3 Fokker F-27 Friendship MK. The company has scheduled flights to 34 foreign and 21 domestic destinations.

FINANCE AND BANKING

CURRENCY Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the markka (plural: markkaa), which is divided into 100 penniä (singular: penni). The abbreviation used for the markka is FIM. The last par value of the markka was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per markka (equivalent, at the time, to 4.20 markkaa per U.S. dollar). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a currency index. This index is tradeweighted and as from Jan. 1, 1984 indicates the average change in the convertible currencies which are important in Finnish foreign trade. The present currency weights are SEK 20.1, DEM 19.4, GBP 14.2, USD 9.0, other currencies 37.3. The permissible range of fluctuation is about 2.25 per cent on either side of the theoretical arithmetic mean. The fluctuation limits are 106.0 and 101.3.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1985). There are two big and eight small commercial banks with in all 967 offices, 254 savings banks, 370 co-operative banks, six mortgage banks, Postipankki; and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and 48 private insurance companies also grant credits.

RATES OF INTEREST (May 19, 1986). The Bank of Finland's base rate is 7%. The interest rates for domestic lending other than bank financing by the Bank of Finland vary between 4 1/2% and 9 1/2%. Other credit institutions: time deposits 2 1/2%; 6 month deposits 4%, 12 month deposits 5%; 24 month deposits 7%.

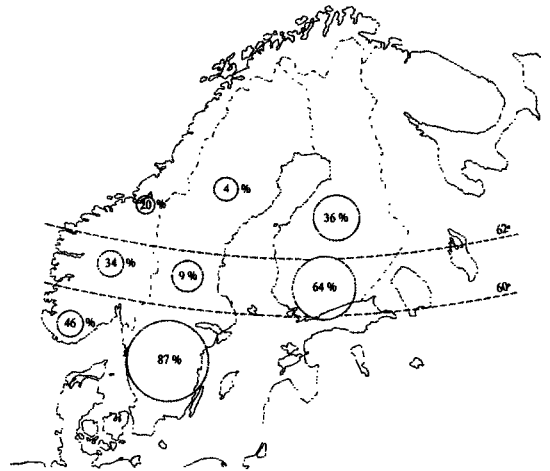
AGRICULTURE IN FINLAND

by **Seppo Aaltonen**, Research Director
Pellervo Economic Research Institute

FINLAND AS A NORTHERN AGRICULTURAL COUNTRY

With an area of about 338 000 square kilometres, Finland is one of the largest countries in Europe. Nevertheless, the total arable area covers only 2.4 million hectares, as the country is heavily forested and dissected by lakes and rivers. A distinctive feature of Finnish agriculture is the country's northern location between latitudes 60 and 70 degrees north. Thanks to the Gulf Stream, Finland's climate is, however, milder than that in many other regions in the same latitude. The scope for agricultural production in Finland is further enhanced by the long daylight period prevailing during the growing season. In spite of these factors, Finland's agricultural production is limited by the shortness of the growing season, which in southern Finland is only about 175 to 180 days and in the northern parts of the country about 125 to 135 days. In neighbouring Sweden and Norway, most agricultural production takes place in regions where weather conditions are

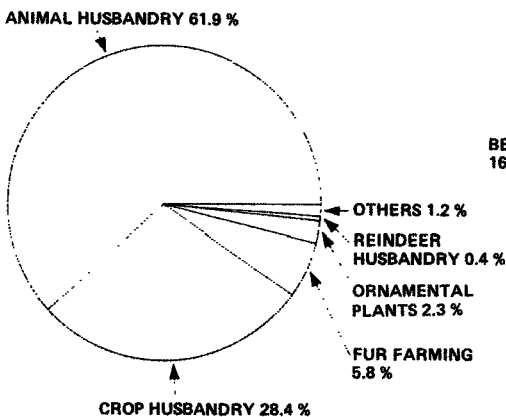
CHART 1. DISTRIBUTION OF GRAIN ACREAGE IN THE NORDIC COUNTRIES



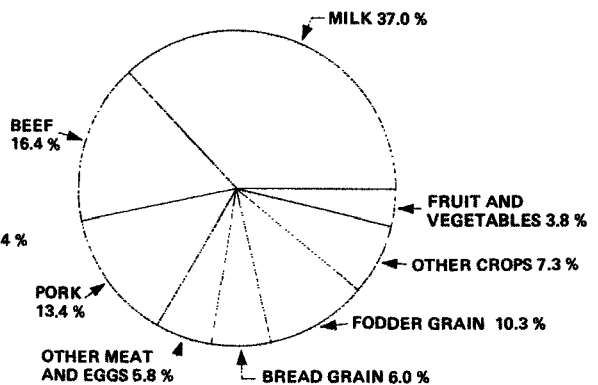
much more favourable (Chart 1). In northern Finland, in particular, crop farming is confined to fodder grain and grass. These provide good prerequisites for animal husbandry, which is therefore the predominant form of farming in Finland (Chart 2).

CHART 2. TOTAL AGRICULTURAL OUTPUT BY SECTOR AND PRODUCT IN 1986

A
BY SECTOR (TOTAL FIM 24.5 BILLION)



B
BY PRODUCT (TOTAL FIM 22.2 BILLION)
(ANIMAL AND CROP HUSBANDRY ONLY)



Owing to the country's northern location, Finnish agricultural production is characterized by high costs of production. Moreover, the country's population, some 4.9 million, constitutes a rather modest basis of demand for domestic agricultural produce. Although, statistically, Finland is one of the most sparsely populated countries in Europe — 14 inhabitants per square kilometre — the population is nevertheless heavily concentrated in the towns and cities of southern Finland. By contrast, agricultural production is distributed fairly evenly throughout the country, apart from Lapland, where reindeer husbandry is an important industry.

This article seeks to give a general survey of Finnish agriculture and its significance in the national economy as well as of the changes that have occurred in farming over the past three decades, particularly with regard to production. It also briefly deals with food consumption and Finland's foreign trade in agricultural produce. Space does not, however, permit any discussion of Finland's comprehensive agricultural price and support systems.

AGRICULTURE AS PART OF THE ECONOMY

As in other industrial countries, the significance of agriculture in the national economy has diminished in Finland. Whereas agriculture accounted for more than 10 per cent of GDP in 1960, its share was no more than 4.4 per cent in 1985. If forestry, which is closely related to agriculture, is included, their combined share of GDP rises to just over 8 per cent.

Some twenty-five years ago, the agricultural workforce accounted for one third of the working population. At present, agriculture and forestry employ slightly more than 10 per cent of the economically active population. In the 1960s and 1970s, the rapid expansion of the manufacturing and service sectors greatly increased the demand for labour. At the same time, new methods of production started to be

introduced in agriculture, reducing the demand for agricultural labour. This marked the beginning of migration from the countryside to urban centres. The drift from the land involved mainly the young age groups and was at its most vigorous in eastern and northern Finland. This resulted in the aging of the agricultural population; in 1985, almost one quarter of the labour force engaged in agriculture and forestry was over 55 years of age.

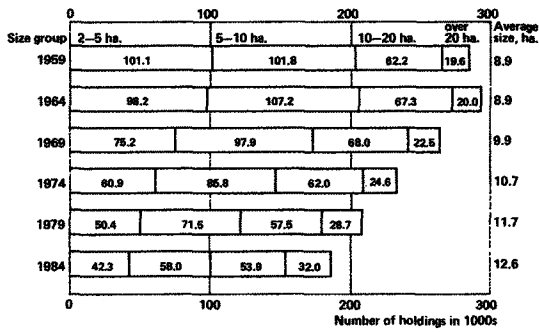
While the agricultural population has been rapidly declining, those remaining in farming have increasingly had to supplement their income in activities outside agriculture. Today less than half of all farmers are engaged in farming on a full-time basis. A large proportion of farms is now in the hands of part-time farmers, pensioners, etc. Even so, Finnish agriculture is still dominated by family farming.

Of the subsidiary activities closely related to agriculture, the most important are fur farming and horticulture. Fur farming is located mainly in western Finland while horticulture is concentrated in the southern and south-western parts of the country. As a comparatively recent and expanding industry, fur farming is subject to risk, as changes in world market conditions have an immediate impact on the price of Finnish pelts. It has nevertheless become firmly established in Finland.

STRUCTURAL CHANGE IN AGRICULTURE

In the early 1960s, there were some 285 000 farms in Finland. In the subsequent twenty-five years, the number of holdings fell by one third to 186 000. Since the decline in the total arable land area during the same period has been fairly small, the fall in the number of farms has been accompanied by a rise in the average arable area (Chart 3). At present, Finnish farms have on average nearly 13 hectares of arable land and 37 hectares of forest land. However, regional differences are great: the average arable land area is appreciably larger in southern Finland while, conversely, the average area of forest land is larger in eastern and northern

CHART 3. CHANGES IN THE DISTRIBUTION OF FARM HOLDINGS BY SIZE GROUP, 1959-1984



Finland. Farmers own about 60 per cent of the total area of privately-owned forests.

Specialization has been one of the salient features of changes in Finnish agricultural production during the past three decades. Whereas at the beginning of the 1960s nearly 250 000 producers delivered milk to dairies, the corresponding figure in 1986 was only some 63 000. Similarly, cattle, pig and poultry farming have undergone a high degree of specialization. Furthermore, the relative share of farms without any livestock has increased.

Agricultural production has also become specialized by region. There has been a rapid decline in milk production in southern and western Finland, and as a result production is now heavily concentrated in central and eastern Finland. Reflecting the lack of alternative forms of production, milk production also occupies a key position in northern Finland. With the expansion in the cultivation of fodder grain, pig farming has, to an increasing extent, become centred on southern and south-western Finland. By contrast, beef production, which traditionally is closely associated with milk production, is more evenly distributed throughout the country. It is estimated that there are at present some 7 500 farms specializing exclusively in beef production.

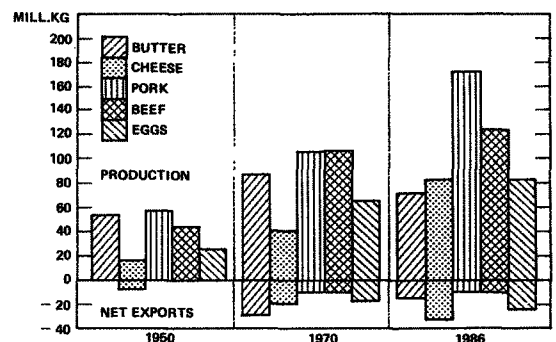
Despite favourable developments in the structure of Finnish agriculture, the proportion of small farms is still very large. The number of

farms has fallen in the size group of less than 15 hectares of arable land and grown in the larger size groups. Even so, almost 60 per cent of farms still have less than 10 hectares of arable land. The average size of farms varies considerably by region from more than 20 hectares in southern Finland to 7 hectares in northern Finland. The grain-growing farms in southern and south-western Finland are, of course, larger than those specialized in livestock rearing in eastern and northern Finland.

ALMOST TWO DECADES OF MEASURES RESTRICTING PRODUCTION

Efforts have been made to influence developments in the structure and output of Finnish agriculture on the basis of proposals made by numerous agricultural committees and working groups. Since the early 1960s, domestic production has exceeded domestic consumption for a number of important products (Chart 4). Overproduction has been due to concentration on a relatively narrow range of products and to a rise in agricultural productivity. Average crop levels in Finland have grown by about 1.5 per cent annually and the productivity of livestock production by about 0.5 per cent a year. This is attributable to the more efficient utilization of productive inputs resulting from specialization in agricultural production and improved plant varieties and livestock breeding.

CHART 4. PRODUCTION AND NET EXPORTS OF MAIN AGRICULTURAL PRODUCTS IN 1950, 1970 AND 1986



At the end of the 1960s, the authorities decided upon concrete measures for restricting production. From 1969 to 1974, farmers were allowed to enter into agreements with the government whereby they undertook to leave their fields untilled for a prescribed period; the aim of these agreements was to reduce the area under cultivation. Subsequently, the measures for controlling and limiting production have been diversified and intensified, particularly in the 1980s. Common to all these measures has been their voluntary nature. Nor have all measures required government financing, one example being the scheme under which permission is required for the setting up of new livestock production units. Through voluntary measures, the authorities have managed to curb the growth of output in most lines of production.

In the middle of this decade, the world market situation for agricultural produce deteriorated and Finland found it difficult to dispose of her agricultural surpluses abroad. Thus, since the beginning of 1985, quotas have been set in milk production for individual farms. Similar quotas were introduced for egg production in 1986. However, despite lower production of milk, pork and eggs, the export costs incurred by the state and agricultural producers have increased because of a fall in export prices.

The cutting back of agricultural production is perhaps more difficult in Finland than in many other countries, because of the limited scope for diversifying output. About 70 per cent of agricultural income is derived from sales of milk and meat, and hence cutbacks in the production of these products entail direct income losses for farmers. Moreover, in the longer term, it is not possible to compensate farmers for income losses out of government funds. Consequently, reducing the structural overproduction of agricultural products which has arisen during the past decades has serious implications for the incomes of the country's farming population and rural regions as a whole.

CHANGING PATTERNS OF FOOD CONSUMPTION

Rising domestic consumption of a number of foodstuffs has been met by increased production at home or a higher level of food imports. Although total food consumption has remained virtually unchanged for the last decades, consumption patterns have changed appreciably. The per capita consumption of meat, eggs, fruit and vegetables has clearly increased, whereas the consumption of milk, dairy products, grain and potatoes has fallen. Of dairy products, cheese consumption has risen to more than 11 kilogrammes per person a year. In particular, the consumption of pork has increased rapidly, with total meat consumption amounting to almost 60 kilogrammes per person a year.

Although food prices in Finland are higher than in Europe, in general, food accounts for only about 20 per cent of total consumer expenditure, which is about the same proportion as in other Nordic countries. The share of food in total consumer spending is continuing to decline, despite the fact that an increasingly large share of food consumption consists of highly processed foodstuffs. As the degree of food processing rises, a growing share of both value-added and labour inputs in food production is attributable to processing, transport and trade, while the share of agriculture proper declines.

FOOD IMPORTS EXCEED EXPORTS

Finland's food imports are far more diversified than her exports. Imports consist primarily of foodstuffs which for climatic reasons cannot be produced at home. These products include coffee, tea, fruit, vegetables, various feeding stuffs and, in certain years, also grain. A substantial part of food imports originates from developing countries. In 1986, the total value of Finnish food imports amounted to about FIM 5.2 billion, or less than 7 per cent of total Finnish imports. The corresponding figure for

Finnish exports of agricultural produce and foodstuffs was nearly FIM 2.2 billion, equivalent to 2.6 per cent of the total value of Finnish exports (Table). Of exports, 41 per cent went to CMEA countries, 18 per cent to EEC countries, 14 per cent to EFTA countries and the remaining 27 per cent to other countries. Of individual countries, the Soviet Union has been the major customer for Finnish agricultural products, while the United States has been a very important market for Finnish cheese exports.

TABLE. FINLAND'S FOREIGN TRADE IN FOODSTUFFS IN 1986

	Imports		Exports	
	Mill. FIM	Per cent	Mill. FIM	Per cent
Free trade products	1 303.8	25.0	700.0	32.3
Other food manufactures	445.2	8.6	302.7	14.0
Dairy products	46.3	0.9	636.1	29.3
Primary products, total	2 940.0	56.5	477.3	22.0
— of which coffee	1 318.5	25.3	14.6	0.7
Fodder	468.4	9.0	51.8	2.4
Total	5 203.7	100.0	2 167.9	100.0

Apart from agricultural products and foodstuffs, foreign trade related to agriculture also includes raw materials used as agricultural inputs, agricultural machinery, etc. For example, in 1984, 25 per cent of the raw materials used by the Finnish feeding stuffs industry, 36 per cent of those used by the fertilizer industry, as much as 94 per cent of those used by the pesticide industry and 32 per cent of those used in the manufacture of agricultural machinery originated from abroad. The total value of these imports amounted to almost FIM 1.4 billion. In addition, tractors, various agricultural machines and equipment were imported up to the equivalent of almost FIM 1 billion.

Finnish export volumes of a number of agricultural products have fallen in recent years. Export costs have nevertheless risen owing to the exceptionally low level of world market prices. At the same time, the major producer countries and regional trade blocs have

focused their export efforts on the Soviet Union, Finland's most important market. This has made it increasingly difficult for Finland to find outlets for her exports of dairy and meat products. As a result, domestic producer prices have fallen slightly, causing income losses for Finnish farmers. The situation would be easier if alternative forms of production could be found for the production of milk, meat and eggs. However, this is not possible in Finland because of severe natural conditions. Consequently, Finnish agriculture faces great difficulties in adjusting to the tightened world market situation for foodstuffs and to the attempts to liberalize agricultural trade called for by GATT during the current Uruguay round. Finland's agricultural surpluses are fairly small compared with those of many other countries in spite of the fact that these countries frequently have more scope for diversifying their agricultural production than Finland.

FUTURE TRENDS IN FINNISH AGRICULTURE

In 1985, a parliamentary committee was set up in Finland with the task of preparing a long-term programme for agricultural policy. The committee, "The Agriculture 2000 Committee", submitted its programme in June 1987. In its programme, the committee sets out the production, structural and incomes policy objectives for agriculture up to the year 2000. The Committee considers that, in the longer term, agricultural production should correspond to domestic food consumption as regards those products which, owing to the country's natural conditions, can be readily produced at home (milk, meat, eggs and grain). The level of domestic production is, however, to be set so as to take into account seasonal variations in output. Production and consumption will also be kept in balance through the use of stocks. Any small surpluses are to be disposed of on the world market in the form of processed foodstuffs and, to an increasing extent, as food aid.

In keeping with structural policy objectives, attempts will be made to further reduce production costs in agriculture. Agricultural production in Finland will continue to be based on family farms, although efforts will be made to ensure that production takes place on full-time family farms. In incomes policy, the aim is to guarantee the farming population a level of income equal to that of employees in other industries. In addition, income disparities due to the regional location of farms and the size of farms are to be reduced.

At the same time as it is sought to cut agricultural production to approximately the level of home consumption, the committee proposes that the adverse effects of this structural change should be offset by intensifying regional and rural policies. Accordingly, the funds saved from the marketing of agricultural surpluses would be channelled into the development of rural areas.

The proposals put forward by "The Agriculture 2000 Committee" for attaining these objectives consist of a number of individual measures: the arable land area is to be reduced through fallowing and afforestation. Forestry as an activity replacing agricultural production is also to be increased. Agricultural land is to be utilized, to an increasing extent, for producing energy and raw materials for industry.

The setting up new livestock production units will continue to be subject to permission, and the milk and egg quota schemes are to be retained. It is hoped that these schemes will be applied more flexibly in regions where the share of agriculture is exceptionally large and production units small.

As regards foreign trade in agricultural produce, the committee considers it important to maintain adequate protection from imports. Although protection will continue to be the cornerstone of Finnish agriculture, imports of foodstuffs will nevertheless continue to expand in the years to come.

Finnish agriculture is currently undergoing far-reaching change. External pressures dictate that there should be better balance between domestic agricultural production and consumption. Achieving this implies income losses for farmers and a continuing fall in their numbers. For sparsely populated rural areas it means further depopulation. It ought to be possible to at least partially offset this by expanding industries closely related to agriculture and forestry as well as other economic activities. As agricultural production declines, maintaining the vitality of the countryside will pose a major challenge for Finnish society.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM NOVEMBER 1986 TO OCTOBER 1987

1986

September

Call money market. The Bank of Finland implements the following changes in its call money rates:

Effective as from	Rate on call money credits	Rate on call money deposits
	Per cent	Per cent
September 2	16.0	15.0
September 5	15.0	14.0
September 9	14.0	13.0
September 12	13.5	12.5
September 18	13.0	12.0
September 26	12.5	11.5

Cash reserve requirement. As an exception to the cash reserve agreement concluded with the banks, the Bank of Finland decides to pay interest on cash reserve deposits for the period September–December 1986 at a rate which is 3 percentage points below the Bank of Finland call money lending rate, however, not less than 1/4 percentage point below the Bank of Finland base rate.

October

Call money market. The Bank of Finland implements the following changes in its call money rates:

Effective as from	Rate on call money credits	Rate on call money deposits
	Per cent	Per cent
October 2	12.0	11.0
October 16	11.8	10.8

The decision of the Parliamentary Bank Supervisors on the temporary removal of the upper limit on the call money lending rate expires on October 21, 1986. From that date, the upper limit on the call money lending rate is again the base rate plus 15 percentage points.

Investment reserves. On October 23, 1986, the Council of State decides to release, as from April 1, 1986, investment reserves made for accounting periods ending in 1984 for use in the Greater Helsinki area. The utilization period is to expire on December 31, 1987.

In the same context, the Council of State decides to raise the special investment allowance from 3 to 6 per cent outside the Greater Helsinki area. The increased allowance can be applied to investment reserves to be used during accounting periods ending between November 1, 1986 and December 31, 1987.

Change in the cash reserve agreement. Samuel Montagu Osakepankki starts operations in Finland at the beginning of October, and on October 17, 1986 it joins the cash reserve agreement between the Bank of Finland and the banks.

November

Changes in the terms of central bank financing. As from the beginning of November, the Bank of Finland grants Samuel Montagu Osakepankki the same rights to central bank financing and to participation in the call money market as the other commercial banks. After Bank of Helsinki Ltd ceases operations as an independent bank and is merged with Union Bank of Finland Ltd at the beginning of November, the Bank of Finland cancels the rights of Bank of Helsinki Ltd to central bank financing and to participation in the call money market with effect from November 1, 1986.

Lending rates. On November 28, 1986, the Bank of Finland decides that henceforth lending rates applied in short- (up to 1 year) and medium-term (between 1 and 5 years) loan agreements may be linked to a reference rate

which reflects the cost of unregulated short-term funding. The introduction of a reference rate requires the prior approval of the Bank of Finland.

Banks are still required to link lending rates on all housing loans and on all long-term loans of more than five years to the Bank of Finland's base rate or to charge fixed rates of interest on such loans. In addition, banks may continue to apply these interest rates to short- and medium-term credits. Similarly, they may continue to link lending rates on short-term credits to the call money rate.

December

Terms of central bank financing. On December 1, 1986, the Bank of Finland introduces a system under which the banks may, in addition to call money credit, also obtain central bank financing in the form of longer-term credits at fixed rates of interest. Initially, only three-month credits are to be granted and the quantity of credit and the rate of interest charged are to be determined on the basis of banks' requests for credit within the framework of the targets set for central bank financing by the Bank of Finland. The upper limit on the rate of interest applied to fixed-rate term loans extended by the central bank is the same as that on the call money lending rate, i.e. the base rate plus 15 percentage points.

For the present, the Bank of Finland does not undertake to accept longer-term deposits at fixed rates.

Call money market. The Bank of Finland lowers the call money deposit rate from 10.8 to 9.0 per cent as from December 1 and raises the rate on call money credits from 11.8 to 11.9 per cent as from December 2 and further to 12.0 per cent as from December 9.

Credits for the financing of domestic suppliers' deliveries. The rate of interest applied to credits for the financing of domestic suppliers'

deliveries is raised by one percentage point to the equivalent of the base rate plus 2.0 percentage points as from December 10, 1986. The Bank of Finland's share in the financing of domestic suppliers' deliveries is raised from 30 per cent to 40 per cent for the period from December 10, 1986 to December 31, 1987. At the same time, it is decided to again permit the use of credits for the financing of domestic suppliers' deliveries in the financing of sawmill investments.

1987

January

Financing of short-term export credits. As from the beginning of 1987, the Bank of Finland restricts the financing of short-term export credits to concern export companies the turnover of which does not exceed FIM 200 million.

New-export credits. As from the beginning of 1987, the Bank of Finland restricts the use of new-export credits so that the duration of a new-export credit extended to a company cannot exceed five years from the drawing of the first credit instalment. The rate of interest collected by the Bank of Finland from banks for new-export credits is raised to the same level as that applied to the financing of short-term export credits, i.e. the Bank of Finland's base rate.

Cash reserve agreement. The Bank of Finland and the banks agree on the revision of the cash reserve agreement as from January 1, 1987 so that certificates of deposit and certain long-term foreign credits intermediated by banks are no longer subject to the cash reserve requirement.

Amendments to Foreign Exchange Regulations. As from January 1, 1987, the Bank of Finland grants the Labour Savings Bank of Finland the status of an authorized bank.

Call money market. The Bank of Finland lowers the rate on call money credits from 12.0 to 11.9 per cent as from January 26.

February

Call money market. The Bank of Finland implements the following changes in its call money rates:

Effective as from	Rate on call money credits Per cent	Rate on call money deposits Per cent
February 2	11.8	9.0 (unchanged)
February 13	11.7	8.5
February 20	11.6	8.0

Term deposits. With effect from February 4, 1987, the Bank of Finland allows the banks entitled to central bank financing to make bids for three-month fixed-rate deposits with the Bank of Finland. This arrangement is to operate alongside the existing arrangement for three-month central bank credits.

March

Call money market. The Bank of Finland implements the following changes in its call money rates:

Effective as from	Rate on call money credits Per cent	Rate on call money deposits Per cent
March 5	11.5	7.5
March 17	11.4	7.5

Banks' central bank financing. On March 17, 1987, the Bank of Finland complements the system of monetary control by introducing dealings in certificates of deposit with banks on an experimental basis alongside term credits and term assets. At the same time, the use of call money credits is limited as from March 30, 1987. With effect from that date, each bank may daily resort to call money credit only up to an amount corresponding to 7.5 per cent of the total amount of its equity capital and cash reserve deposits. A penalty rate of interest is to be charged on credit exceeding the limit.

April

Call money market. The Bank of Finland lowers the call money credit rate from 11.4 to 11.2 per cent as from April 2 and further to 11.0 per cent as from April 29.

May

Interest rate policy. As from the beginning of May, the Bank of Finland reduces the restrictions on the use of money market rates as reference rates for bank loans. Besides the base rate, the banks may, without special approval, use some other Bank of Finland rate, the official money market rate used in market transactions or some derivative of these rates as reference rates for all lending except housing loans.

As from May 1, the Bank of Finland begins to publish daily 1, 2, 3, 6, and 12-month HELIBOR (Helsinki Interbank Offered Rate) rates, which the banks may henceforth use as reference rates in their lending. HELIBOR rates are the average bid rates for each category of certificate of deposit as quoted by the five largest banks each day at 1 p.m.

June

Revisions to the Foreign Exchange Regulations. The Bank of Finland decides on certain revisions to the Foreign Exchange Regulations that enter into force on June 15, 1987.

With certain exceptions, it is allowed to make direct investments abroad without obtaining the advance permission of the Bank of Finland up to the value of FIM 30 million. It is, however, necessary to provide the authorized bank with the information required by the Bank of Finland.

In payments of suppliers' credits for imports, credit periods exceeding six months are allowed without the special permission of the Bank of Finland up to the maximum amount of FIM 100 000.

The handling of applications for permission in respect of recreational dwellings abroad is transferred to the authorized banks. The upper limit of FIM 600 000 permitted for a purchase is not amended in this context, and for purchases exceeding this amount, the Bank of Finland grants permission on a case-by-case basis.

Investments abroad in publicly quoted securities are allowed up to the maximum amount of FIM 50 000.

Details of other minor changes and revisions to the Foreign Exchange Regulations are to be released when new pages of the Foreign Exchange Regulations are published.

July

Call money market. With the effect from July 1, 1987, the Bank of Finland supplements the conditions governing borrowing by commercial banks in the Bank of Finland's call money market (see March 1987) by stipulating that the upper limit on the right of an individual bank to resort to call money credits is, in all cases, not less than FIM 10 million.

August

Revision of foreign exchange regulations. The Bank of Finland decides to extend the right of enterprises, previously granted only to manufacturing and shipping companies, to raise foreign loans with a maturity of at least five years for the financing of their operations. As

from August 1, 1987, this right also applies to other companies and cooperative societies carrying on business activity, with the exception of financial and insurance institutions and housing and real estate companies.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 4.7 per cent to 4.9 per cent of the total stock of deposits in August.

October

Amendments to Foreign Exchange Regulations. The Bank of Finland decides to allow authorized banks to write and purchase markka options as from October 1, 1987. At the same time, the Bank of Finland grants companies and other residents the right to purchase such options. Banks had previously been allowed to write foreign currency options but not markka options. Markka options entitle but do not oblige the holder to purchase or sell foreign currency at an agreed markka rate within an agreed period.

Banks' central bank financing. With effect from October 1, 1987, savings and cooperative banks are allowed to deal in certificates of deposit with the Bank of Finland provided that they meet with the requirements set on trading.

As from October 1, 1987, the Bank of Finland enlarges to some extent the right of banks to use call money credit which is not subject to penalty interest.

ITEMS

Board of Management of the Bank of Finland. The President of the Republic has appointed Mr. Seppo Lindblom, Member of the Board of Management of the Bank of Finland, Chief General Manager of Postipankki. Mr. Lindblom joins Postipankki on October 1, 1987, but he will not take up the duties of Chief General Manager until February 1, 1988, when the present Chief General Manager, Mr. Heikki Tuominen, retires.

The President of the Republic has appointed Mr. Kalevi Sorsa, Minister for Foreign Affairs, to the Board of Management of the Bank of Finland as from October 1, 1987. The Parliamentary Supervisory Board has granted leave of absence to Mr. Sorsa for the period during which he is Minister for Foreign Affairs in the current Government.

The Bank of Finland's new bank note series. In December 1986, the Bank of Finland

put new 1 000, 100 and 50 markkaa notes into circulation. Now, in the second stage of the note reform, new 500 and 10 markkaa notes are to be introduced. They will be put into circulation gradually in the same way as the first three notes of the note series, and they will circulate alongside the old bank notes.

The major reason for the change-over to a new series of bank notes is the desire to improve the security and reliability of Finland's paper money.

The pictorial motifs chosen for the new bank note series emphasise the division of Finnish history into three main periods: the period of Swedish rule (1 000 markkaa), the period of autonomy (500 markkaa and 100 markkaa) and the period of independence (50 markkaa and 10 markkaa).

The size of the new notes is exactly the same as that of the old notes.



The front of the 500 markkaa note. Elias Lönnrot (1802–1884) was a collector of folk poetry, the publisher of the Kalevala and a key figure in the development of literary Finnish.



The back of the 500 markkaa note. Punkaharju esker, a famous beauty spot has for more than a century and a half been one of Finland's best-known tourist attractions.



The front of the 10 markkaa note. Paavo Nurmi (1897–1973) is Finland's greatest Olympic champion ever.



The back of the 10 markkaa note. The 1952 summer Olympic Games were held at the Helsinki Olympic Stadium.

BANK OF FINLAND

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Chairman

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Kalevi Sorsa <i>Absent as Minister for Foreign Affairs</i>	Markku Puntila <i>Acting Member of the Board</i>

Directors

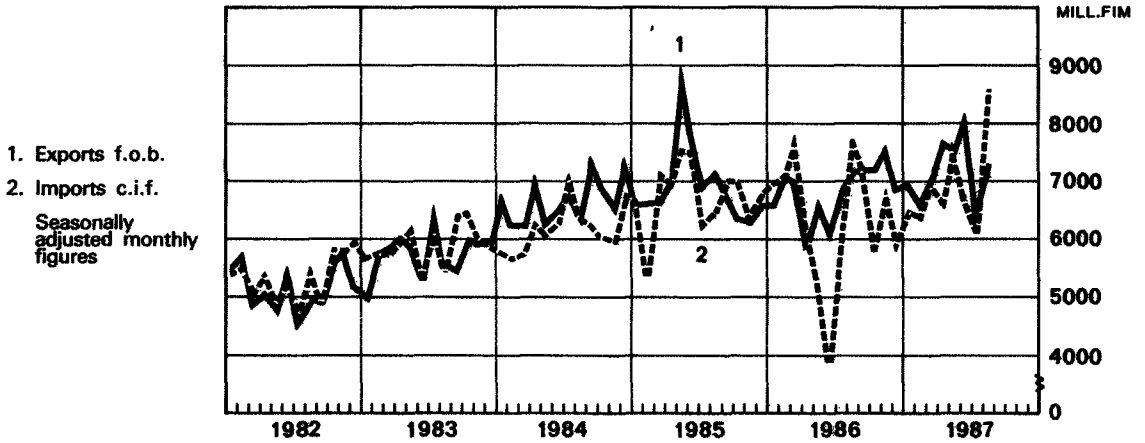
Markku Puntila	Pentti Koivikko
Sirkka Hämäläinen	Matti Vanhala

Senior officials

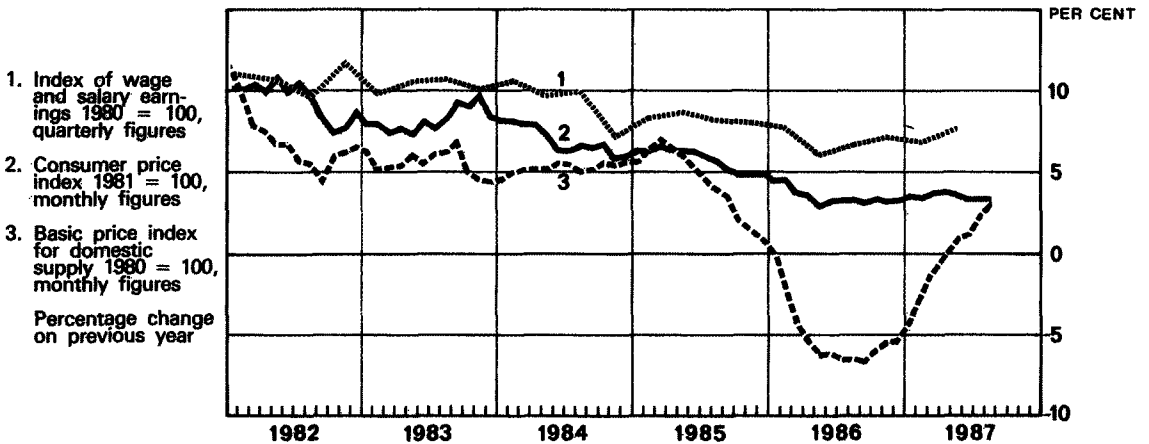
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Kaarlo V. Jännäri
Acting Head, Foreign Financing

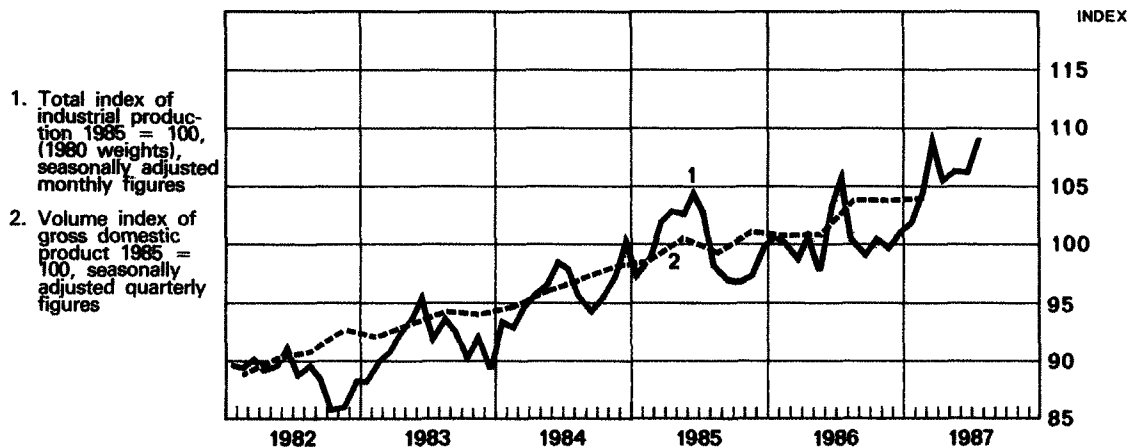
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