



# BANK OF FINLAND

*Monthly Bulletin*

foreign trade

transport and communications in  
Finland in the 1960s and 1970s

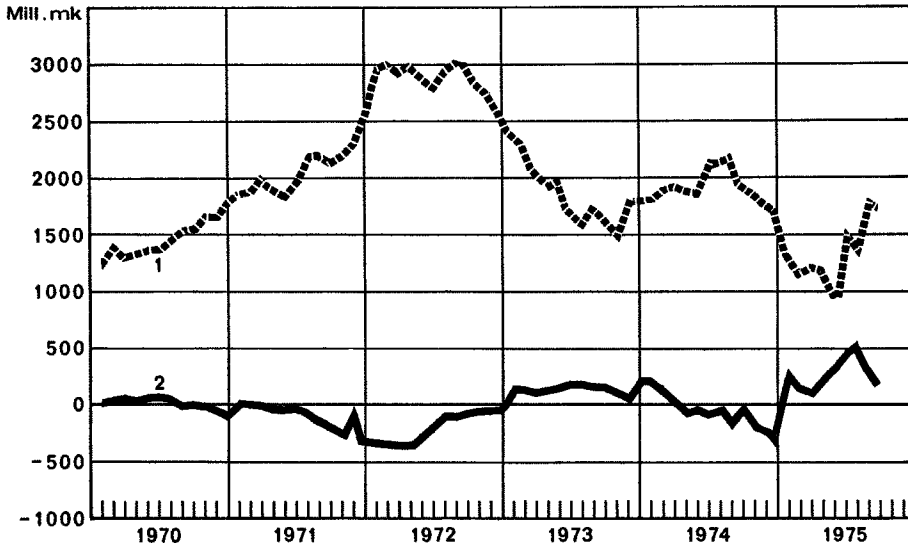
parliamentary election of 1975

Finland's balance of payments  
January—June 1975

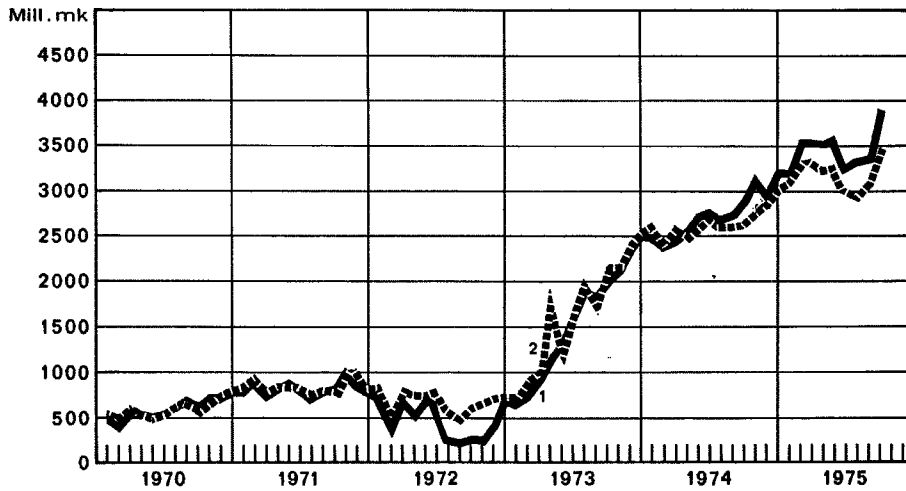
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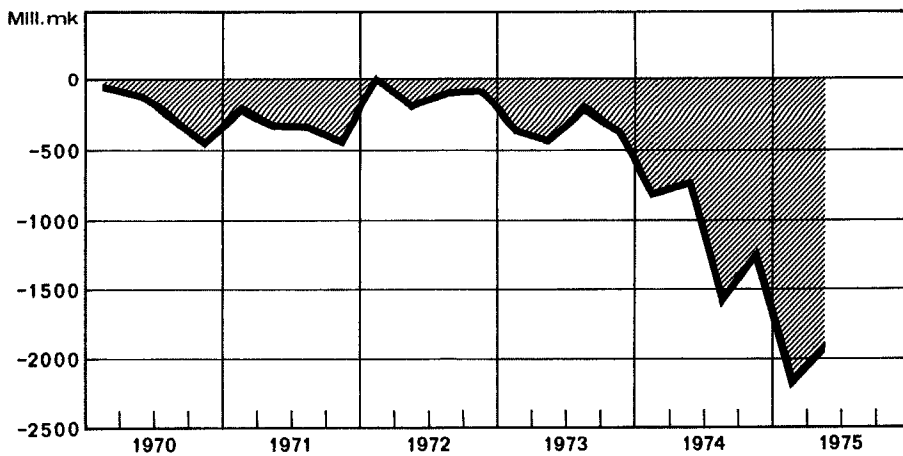
**BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE FOREIGN EXCHANGE RESERVES, 1970-1975**



**BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1970-1975**



**BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1970-1975**



# FOREIGN TRADE

The recession in western markets has led to a sharp fall in Finland's exports. The volume of total exports in the first nine months of the year is estimated to have been a quarter below the corresponding figure for last year. Domestic demand, on the other hand, has continued to keep imports at a high level. Substantial increases have even been recorded in the imports of finished goods, induced primarily by high level of investment. Finland's terms of trade further improved during the first quarter but there has been little change since then. The trade account deficit for the January—September period rose to 6 400 million marks, which was equivalent to 30 per cent of import expenditure over this time. Some improvement is nonetheless expected over the next few months as the decline in domestic activity will curb imports, and as at least some revival of exports is likely. There has been a decline in the surplus on the services account; and, as at the same time net interest payments abroad have grown considerably, the current account deficit has exceeded the deficit of the trade account.

## EXPORTS

The volume of Finnish exports showed little change in 1974. Demand for timber and other wooden building materials was weak although the pulp and paper and metal industries, for example, which account respectively for two fifths and a quarter of exports, were still working close to their capacity ceilings.

The slackness in demand for timber and related products spread to the pulp and paper industry at the turn of the year, and the forest industries on the whole have had to cope with an export volume a third lower than last year. There has not been much change in pulp and paper prices since last year's rises, whereas timber prices have decreased noticeably. In the first eight months of the year the value of wood

industry exports was down 40 per cent from last year. The value of pulp and paper exports was virtually unchanged.

In the metal industry some sections, shipyards for example, have stood up quite well against the current international recession but the industry as a whole will see little or no increase in the volume of exports in the current year. Higher prices account for most of the increment in value. Developments in other sectors have been uneven, but generally poor. The textiles, clothing and leather industries have fared better than most others whereas the chemical industry, for example, has recorded a substantial fall in export earnings.

The value of total exports was, in the January—September period, four per cent below last year's figure. Differences in levels of activity in major market countries have had a clear impact on the direction of Finnish exports. The value of exports to EFTA countries increased by eight per cent in the January—August period. Exports to the EEC fell by a quarter, largely because of the situation in forest products markets. The United Kingdom does not this year hold the position of Finland's largest market but is now third, behind the Soviet Union and Sweden. In the January—August period 36 per cent of Finnish exports went to the EEC, 25 per cent to the EFTA area and 24 per cent to CMEA countries.

## IMPORTS

The most striking feature in imports last year was the rise in energy and raw material prices. Furthermore the volume of imports grew considerably as a result of brisk production in Finland's most import-intensive sectors, and because of rapidly growing investment. In the course of the first half of 1975 economic growth came to a halt and the volume of

imports started to decline. This has been the case especially with the imports of raw materials and production supplies. The import deposit scheme introduced in March 1975 has cut off some growth of imports of investment and consumer goods.

In the January—September period the value of imports was 11 per cent higher than during the same months last year. Import volume is estimated to have been the same, and prices about 10 per cent higher than last year.

The value of imports of raw materials and production supplies has grown by 6 per cent, despite volume decline, since prices have risen by nearly a fifth. On the other hand the import prices of crude oil, fuels and lubricants have been coming down from the levels of early 1974. Since the volume imported has been the same, or even smaller than last year, the value of crude oil and fuel imports has declined by more than 10 per cent. The continued investment boom brought about further rapid growth of investment goods imports in the first half of the current year, but thereafter this growth slowed down.

In the January—August period the value of investment goods imports rose about 40 per cent from last year, half of the increase being accounted for by volume growth.

Imports of consumer goods have risen considerably since last year. The over 30 per cent increase in value is caused mainly by the recovery from the very low level of imports in the first months of 1974, which was due to the immediate effects of the energy crisis. This is the case particularly for imports of passenger cars. The volume of consumer good imports during 1975 has been nearly 20 per cent higher than in the corresponding period last year. Lately the growth has been slowing down because of the general downturn and reduced availability of finance.

The regional breakdown of imports changed markedly in 1974, as the higher energy prices raised the share of CMEA countries in general, and that of the Soviet Union in particular. In 1975 there has been some movement towards the earlier distribution of imports, as imports of crude oil and fuels have decreased by value. The share of CMEA countries has fallen from 23 to 20 per cent and consequently the shares of both EEC and EFTA countries have risen, to 37 and 23 per cent respectively. Sweden was the biggest supplier of imports during the first eight months of 1975.

October 22, 1975

## BANK OF FINLAND

Mill. mk

	1973	1974	1975			
	Dec. 31	Dec. 31	Oct. 8	Oct. 15	Oct. 23	Oct. 31
<b>Assets</b>						
Gold and foreign exchange receivables	2 210	1 791	1 922	1 880	1 986	1 990
Gold	121	121	121	121	121	121
Special drawing rights	285	286	284	284	284	284
IMF gold tranche	268	268	—	—	—	—
Convertible currencies	1 228	1 109	1 224	1 207	1 371	1 373
Tied currencies	308	7	293	268	210	212
Other foreign receivables	952	1 123	1 290	1 297	1 301	1 315
Foreign bills	103	252	299	305	313	326
Foreign bonds	319	341	193	194	190	191
Currency subscription to Finland's quota in the IMF	530	530	798	798	798	798
Receivables from financial institutions	2 745	3 414	4 515	4 413	4 725	4 289
Cheque accounts of the commercial banks	19	114	154	175	178	115
Discounted bills	2 556	3 034	3 527	3 518	3 518	3 568
Bonds	121	220	331	330	482	349
Other financial institution receivables	49	46	503	390	547	257
Receivables from the public sector	268	301	326	324	323	324
Bonds	53	71	72	70	70	70
Total coinage	200	224	252	252	252	253
Other public sector receivables	15	6	2	2	1	1
Receivables from corporations	613	631	851	851	855	876
New export bills	47	90	132	134	135	134
Financing of suppliers' credits	271	276	350	350	352	372
Bonds	255	231	232	231	231	231
Other corporate receivables	40	34	137	136	137	139
Other assets	34	37	36	36	36	38
<b>Total</b>	<b>6 822</b>	<b>7 297</b>	<b>8 940</b>	<b>8 801</b>	<b>9 226</b>	<b>8 832</b>
<b>Liabilities</b>						
Foreign exchange liabilities	147	457	202	213	204	201
Convertible accounts	73	62	53	53	48	50
Tied accounts	74	395	149	160	156	151
Other foreign liabilities	788	788	1 385	1 385	1 385	1 385
IMF mark accounts	530	530	1 127	1 127	1 127	1 127
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 082	2 461	2 515	2 540	2 509	2 571
Notes	1 907	2 259	2 291	2 316	2 285	2 345
Coins	175	202	224	224	224	226
Deposit certificates in circulation	1 450	1 040	1 040	880	1 310	740
Claims of financial institutions	13	9	273	239	289	272
Cheque account of Postipankki	2	4	4	3	1	1
Cheque accounts of the commercial banks	7	4	2	2	1	2
Other financial institution claims	4	1	267	234	287	269
Claims of the public sector	535	560	1 087	1 086	1 137	1 189
Cheque accounts	2	7	2	5	1	7
Counter-cyclical reserves	509	543	164	164	149	149
Import deposits	—	—	920	916	986	1 032
Other public sector claims	24	10	1	1	1	1
Claims of corporations	239	195	376	375	372	413
Investment deposits	5	34	69	69	69	69
Counter-cyclical withholdings	—	49	—	—	—	—
Capital import deposits	214	98	297	291	288	330
Import levy deposits	6	6	3	4	4	4
Other corporate claims	14	8	7	11	11	10
Other liabilities	16	17	13	13	12	12
Equalization accounts	740	858	1 098	1 116	1 052	1 086
Capital accounts	812	912	951	954	956	963
Primary capital	600	600	600	600	600	600
Reserve fund	114	163	237	237	237	237
Undisposed profits	—	—	—	—	—	—
Net earnings	98	149	114	117	119	126
<b>Total</b>	<b>6 822</b>	<b>7 297</b>	<b>8 940</b>	<b>8 801</b>	<b>9 226</b>	<b>8 832</b>

End of year and month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserve (1-2)	Non-convertible exchange reserve	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1968	1 309	6	1 303	— 12	125	34	1 382	105	364	259	—
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450.
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1974											
Sept.	1 989	71	1 918	— 86	899	788	1 943	217	564	347	1 390
Oct.	1 947	70	1 877	—235	922	788	1 776	220	521	301	1 510
Nov.	1 862	64	1 798	—280	936	788	1 666	222	520	298	1 400
Dec.	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975											
Jan.	1 388	56	1 332	306	1 105	788	1 955	302	555	253	990
Feb.	1 249	53	1 196	161	1 106	788	1 675	307	551	244	1 050
March	1 300	66	1 234	132	1 089	788	1 667	307	553	246	1 080
April	1 284	66	1 218	255	999	788	1 684	310	550	240	1 170
May	1 065	67	998	352	1 010	788	1 572	314	556	242	870
June	1 618	67	1 551	483	1 283	1 385	1 932	311	512	201	900
July	1 484	60	1 424	545	1 288	1 385	1 872	315	718	403	800
Aug.	1 879	60	1 819	327	1 266	1 385	2 027	322	871	549	700
Sept.	1 810	53	1 757	186	1 274	1 385	1 832	322	1 019	697	820
Oct.	1 778	50	1 728	61	1 315	1 385	1 719	324	1 189	865	740

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

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1974			Net holdings, Aug. 31, 1975			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.-Aug.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	286	—	286	284	—	284	— 2	— 2
IMF gold tranche	268	—	268	—	—	—	—	—268
Convertible currencies	1 047	—564	483	1 414	—1 098	316	+536	—167
Total	1 722	—564	1 158	1 819	—1 098	721	+534	—437
Non-convertible currencies	—388	— 5	—393	327	— 26	301	—255	+694

End of year and month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and redis-counted bills	Cheque account receiv-ables <sup>2</sup>	Other receiv-ables	Cheque account liabilities to the commer-cial banks <sup>3</sup>	Cheque account liabilities to Posti-pankki <sup>3</sup>	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1968	618	107	—	163	16	—	546	381	43	338	1 246
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 622
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1974											
Sept.	2 703	249	—	—	9	—	2 943	415	181	234	2 246
Oct.	2 985	142	—	—	2	—	3 125	425	219	206	2 206
Nov.	3 108	167	—	—	1	—	3 274	422	224	198	2 360
Dec.	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975											
Jan.	2 572	112	269	2	2	23	2 926	631	231	400	2 274
Feb.	2 970	171	313	2	2	23	3 427	654	336	318	2 318
March	3 275	142	284	2	1	41	3 657	667	388	279	2 433
April	3 441	99	307	1	1	84	3 761	680	417	263	2 396
May	3 417	136	304	2	1	134	3 720	690	446	244	2 479
June	3 083	139	347	2	—	128	3 439	722	374	348	2 692
July	3 082	136	377	3	0	120	3 472	821	423	398	2 544
Aug.	3 068	135	369	4	2	282	3 284	816	305	511	2 635
Sept.	3 565	196	424	2	1	274	3 908	827	401	426	2 620
Oct.	3 568	115	606	2	1	269	4 017	876	413	463	2 571

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

<sup>2</sup> Including special index accounts.

<sup>3</sup> Including cash reserve accounts.

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

Oct. 22, 1975

New York <sup>1</sup>	1 \$	3.842	Frankfurt o. M.	100 DM	150.40	Vienna	100 S	21.25
Montreal	1 \$	3.740	Amsterdam	100 Fl	146.00	Lisbon	100 Esc	14.55
London	1 £	7.935	Brussels <sup>2</sup>	100 Fr		Madrid	100 Pta	6.54
Stockholm	100 Kr	88.40	Zurich	100 Fr	146.25	Tokyo	100 Y	1.278
Oslo	100 Kr	70.65	Paris	100 FF	88.10	Reykjavik	100 Kr	2.39
Copenhagen	100 Kr	64.65	Rome	100 Lit	0.5715	Moscow <sup>3</sup>	1 Rbl	5.055

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

<sup>2</sup> 9,980 commercial rate; 9,670 financial rate.

<sup>3</sup> Clearing account; also Bucharest.

# DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1968	856	1 088	428	4 598	3 966	2 683	1 027	465	12 740	14 256
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 961	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974*	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

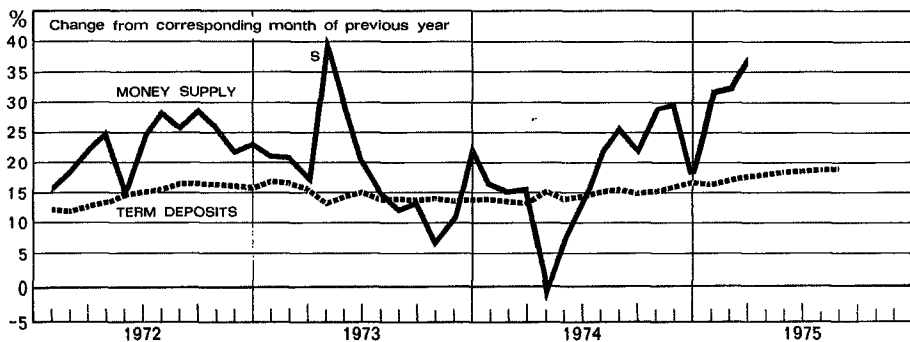
1974<sup>1</sup>

June	1 992	2 628	1 232	9 205	7 484	5 632	2 335	847	25 503	29 363
July	2 155	2 818	1 267	9 244	7 566	5 726	2 366	854	25 756	29 841
Aug.	2 158	2 855	1 201	9 366	7 705	5 839	2 396	860	26 165	30 221
Sept.	2 161	2 872	1 288	9 370	7 740	5 885	2 422	875	26 292	30 452
Oct.	2 224	2 958	1 184	9 501	7 815	5 982	2 457	892	26 648	30 790
Nov.	2 198	2 924	1 346	9 653	7 944	6 101	2 504	896	27 097	31 367
Dec.	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

1975\*

Jan.	2 680	3 472	1 590	10 331	8 442	6 438	2 697	937	28 845	33 907
Feb.	2 551	3 371	1 861	10 458	8 553	6 590	2 740	953	29 294	34 526
March	2 530	3 381	1 854	10 520	8 575	6 613	2 753	960	29 421	34 656
April	2 573	3 414	1 762	10 596	8 591	6 668	2 753	964	29 572	34 748
May	2 609	3 509	1 644	10 744	8 713	6 773	2 778	975	29 983	35 136
June	2 822	3 809	1 640	10 851	8 826	6 796	2 833	985	30 291	35 740
July	2 721	3 662	1 462	10 921	8 974	6 946	2 863	1 005	30 709	35 833
Aug.	2 566	3 533	1 669	11 046	9 155	7 091	2 920	1 021	31 233	36 435

<sup>1</sup> New series, see explanations on page 18.



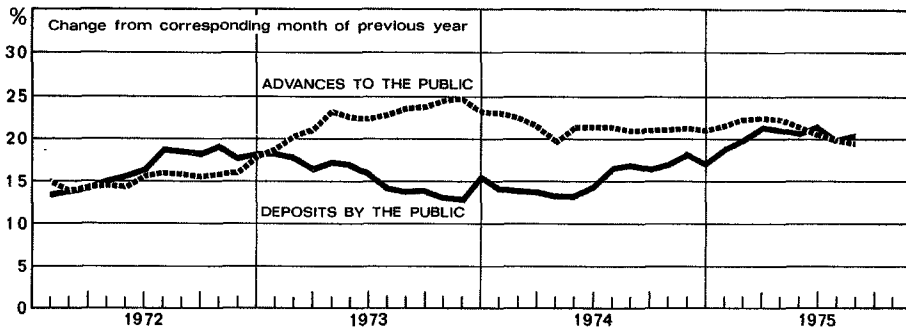


ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances			Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Mortgage banks	Loans & Bills	Cheque credits			
	1	2	3	4	5	6	7	8	9	
1968	5 866	3 448	2 600	928	1 053	13 392	503	13 895	2 642	
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126	
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445	
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025	
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959	
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115	
1974*	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283	
1974 <sup>1</sup>										
June	14 293	7 015	5 749	4 164	2 981	33 083	1 119	34 202	5 903	
July	14 349	7 092	5 840	4 334	3 021	33 534	1 102	34 636	5 967	
Aug.	14 500	7 191	5 953	4 359	3 039	33 963	1 079	35 042	6 039	
Sept.	14 826	7 341	6 102	4 424	3 087	34 609	1 171	35 780	6 145	
Oct.	15 225	7 479	6 225	4 532	3 130	35 398	1 193	36 591	6 089	
Nov.	15 542	7 616	6 338	4 615	3 206	36 139	1 178	37 317	6 378	
Dec.	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283	
1975										
Jan.	16 010	7 892	6 554	4 768	3 350	37 430	1 144	38 574	7 123	
Feb.	16 398	7 990	6 668	4 818	3 381	38 016	1 239	39 255	7 274	
March	16 773	8 060	6 743	4 847	3 394	38 548	1 269	39 817	7 403	
April	16 919	8 162	6 868	4 913	3 556	39 139	1 279	40 418	..	
May	17 148	8 219	6 944	4 968	3 637	39 640	1 276	40 916	..	
June	17 303	8 312	7 019	4 983	3 660	39 951	1 326	41 277	..	
July	17 291	8 419	7 125	5 054	3 704	40 384	1 254	41 638	..	
Aug.	17 307	8 582	7 249	5 063	3 776	..	..	41 977	..	

<sup>1</sup> New series, see explanations on page 18.



## STATE FINANCES

Mill. mk

Revenue	Jan.—Aug.		Expenditure	Jan.—Aug.	
	1974	1975		1974	1975
Income and property tax (net)	5 252	6 182	Wages, salaries, pensions etc.	2 169	2 832
Gross receipts	(10 177)	(12 904)	Repair and maintenance	341	420
Refunds & local authorities	(—4 925)	(—6 722)	Other consumption expenditure	956	1 252
Other taxes on income and property	99	118	Total consumption expenditure	3 466	4 504
Employers' child allowance payments	417	525	State aid to local authorities	2 164	3 216
Sales tax	3 400	3 771	State aid to industries	1 715	2 909
Revenue from Alcohol Monopoly	744	895	of which: agric. price subsidies	(1 174)	(1 392)
Customs duties & import charge	325	387	Child allowances	283	389
Counter-cyclical tax	—	—	Share in national pensions and health insurance	151	148
Excise duty on tobacco	375	374	Other transfer expenditure	1 507	1 789
» » on liquid fuel	508	747	Total transfer expenditure	5 820	8 451
Other excise duties	286	372	Machinery and equipment	462	610
Tax on autom. and motor cycles	288	522	House construction	256	342
Stamp duties	269	318	Land and waterway construction	711	881
Special diesel etc. vehicles tax	44	44	Total real investment	1 429	1 833
Other taxes and similar revenue <sup>1</sup>	258	349	Interest on State debt	161	144
Total taxes	12 265	14 604	Index compensations	27	33
Miscellaneous revenue	657	1 507	Net deficit of State enterprises	90	336
Interest, dividends etc.	313	383	Other expenditure	14	22
Sales and depreciation of property	3	8	Total other expenditure	292	535
Redemptions of loans granted	165	161	Increase in inventories	— 7	153
<b>Total revenue</b>	13 403	16 663	Lending	921	1 564
Foreign borrowing	8	143	Other financial investment	343	411
Domestic borrowing	192	306	<b>Total expenditure</b>	12 264	17 451
<b>Total borrowing</b>	200	449	Redemption of foreign loans	139	77
<b>Deficit (+) or surplus (—)</b>	—845	705	Redemption of domestic loans	355	289
			<b>Total redemptions</b>	494	366
Total	12 758	17 817	Total	12 758	17 817

<sup>1</sup> Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1972	1973	1974	1975		
	Dec.	Dec.	Dec.	July	Aug.	Sept.
<b>Foreign debt</b>	1 517	1 395	1 152	1 254	1 249	1 256
Loans	2 268	1 758	1 528	1 544	1 543	1 597
Compensatory obligations	2	1	1	1	1	1
Short-term credit	56	39	37	75	76	..
Cash debt (net)	—488	—468	—571	—497	—491	..
<b>Domestic debt</b>	1 838	1 330	995	1 123	1 129	..
<b>Total State debt</b>	3 355	2 725	2 147	2 377	2 378	..
Total debt, mill \$	804	710	590	648	627	..

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974*	20 687	25 666	-4 979

1974*			
Aug.	1 550	2 265	- 715
Sept.	1 780	2 425	- 645
Oct.	2 239	2 399	- 160
Nov.	1 812	2 300	- 488
Dec.	1 715	2 198	- 483

1975*			
Jan.	2 014	2 751	- 737
Feb.	1 549	2 537	- 988
March	1 576	2 096	- 520
April	1 739	2 299	- 560
May	1 594	2 356	- 762
June	1 380	2 048	- 668
July	1 652	2 271	- 619
Aug.	1 146	2 163	-1 017

Jan.-Aug.			
1974 *	13 141	16 345	-3 204
1975 *	12 650	18 521	-5 871

Indices of exports and imports 1969 = 100

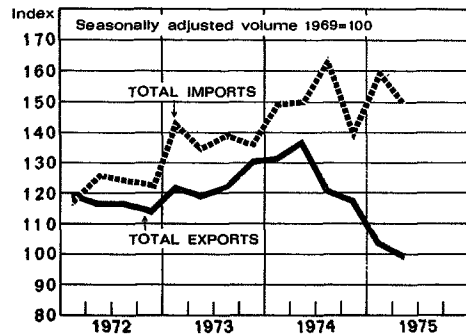
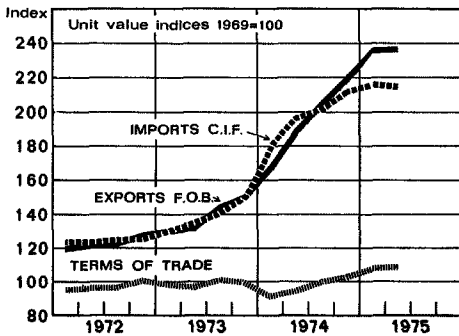
Period	Indices of exports and imports 1969 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1970	107	121	108	108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974*	126	151	196	200	98

1972					
Apr.-June	112	124	123	125	98
July-Sept.	116	120	124	126	98
Oct.-Dec.	123	136	129	127	102

1973					
Jan.-Mar.	120	140	131	131	100
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	141	103
Oct.-Dec.	140	149	151	150	101

1974					
Jan.-Mar.	131	147	169	182	93
Apr.-June	131	147	190	198	96
July-Sept.	119	158	206	203	101
Oct.-Dec.	125	152	221	213	104

1975*					
Jan.-Mar.	104	160	237	217	109
Apr.-June	95	146	238	216	110



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

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

1974\*

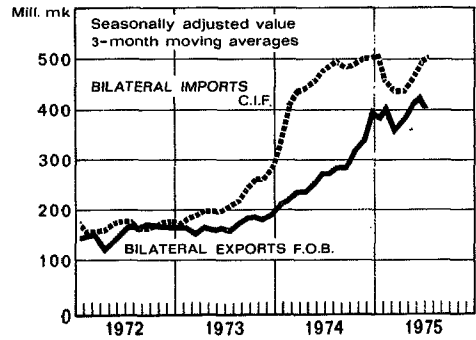
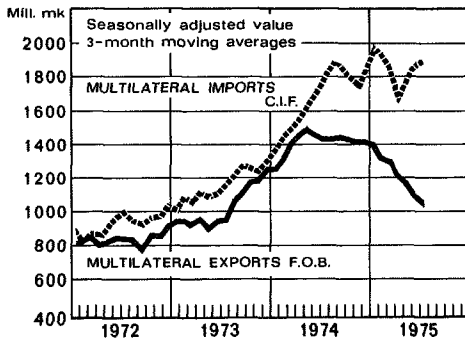
Aug.	25	339	673	168	345	1 537	169	291	266	2
Sept.	32	248	756	275	469	1 516	186	388	335	0
Oct.	27	251	852	618	491	1 550	190	339	319	1
Nov.	16	228	736	361	471	1 381	186	428	304	1
Dec.	63	191	718	310	433	1 457	154	317	269	1

1975\*

Jan.	71	229	780	480	454	1 682	146	542	380	1
Feb.	13	145	617	389	385	1 573	134	464	365	1
March	69	141	666	292	408	1 270	107	353	366	0
April	12	168	678	428	453	1 387	111	430	370	1
May	59	159	615	348	413	1 364	128	484	376	4
June	11	154	491	399	325	1 301	148	329	265	5
July	28	194	534	560	336	1 388	126	421	310	26
Aug.	18	139	451	237	301	1 275	170	433	276	9

Jan.-Aug.

1974*	326	2 235	4 810	2 681	3 089	10 621	1 262	2 385	2 055	21
1975*	281	1 329	4 832	3 133	3 075	11 240	1 070	3 456	2 708	47



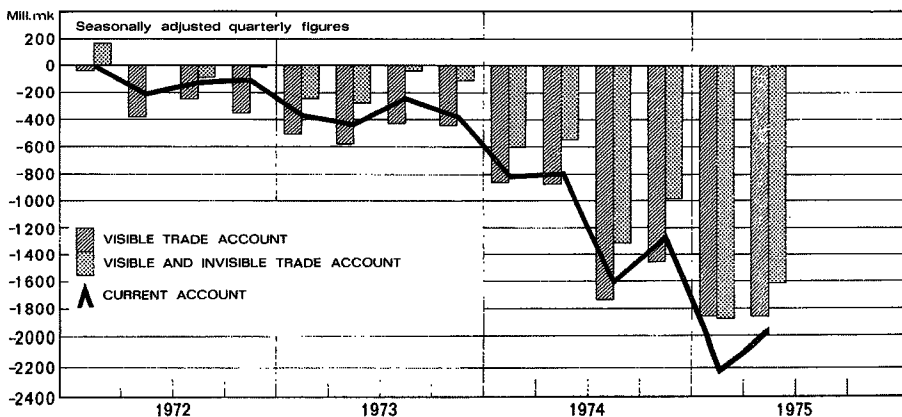
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—August				January—August			
	1974*		1975*		1974*		1975*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	70.4	9 252	62.8	7 942	64.5	10 540	66.8	12 366
Austria	0.9	119	0.8	96	1.4	225	1.3	249
Belgium-Luxembourg	2.2	287	1.4	179	2.0	321	1.9	343
Denmark	3.9	509	3.4	435	3.2	529	3.3	612
France	4.4	581	3.5	444	3.1	506	3.7	692
Federal Republic of Germany	8.5	1 117	9.0	1 140	15.1	2 469	16.6	3 076
Italy	1.9	246	1.3	161	1.5	243	2.1	386
Netherlands	3.6	479	2.7	341	3.7	601	2.8	526
Norway	2.6	351	4.5	567	2.9	476	2.8	519
Portugal	0.4	50	0.3	37	0.7	121	0.5	93
Spain	1.3	172	1.2	153	0.4	73	1.1	197
Sweden	16.4	2 158	17.0	2 160	17.8	2 911	18.3	3 383
Switzerland	1.7	227	1.5	194	3.2	515	3.2	588
United Kingdom	20.6	2 701	14.5	1 838	9.3	1 516	9.0	1 668
Other	2.0	255	1.7	197	0.2	34	0.2	34
<b>OECD countries outside Europe</b>	6.6	870	4.8	614	8.6	1 401	9.5	1 754
Canada	0.7	96	0.6	75	0.4	59	0.4	73
Japan	1.0	136	0.5	64	1.3	220	1.7	311
United States	4.0	528	3.2	406	6.9	1 117	7.4	1 363
Other	0.9	110	0.5	69	0.0	5	0.0	7
<b>CMEA countries</b>	14.4	1 888	23.9	3 023	22.7	3 718	20.3	3 766
Czechoslovakia	0.4	52	0.5	61	0.3	57	0.4	74
Democratic Republic of Germany	0.5	67	0.7	94	0.5	81	0.8	143
Poland	0.8	109	1.3	158	2.0	324	2.2	414
Soviet Union	12.1	1 585	20.6	2 609	18.5	3 026	15.9	2 956
Other	0.6	75	0.8	101	1.4	230	1.0	179
<b>Latin America</b>	2.3	303	2.4	298	1.8	292	1.3	235
Argentina	0.5	73	1.0	121	0.1	11	0.1	12
Brazil	1.0	127	0.6	76	0.4	58	0.2	45
Colombia	0.1	16	0.1	7	0.5	88	0.5	83
Other	0.7	87	0.7	94	0.8	135	0.5	95
<b>Other</b>	6.3	828	6.1	773	2.4	394	2.1	400
<b>GRAND TOTAL</b>	100.0	13 141	100.0	12 650	100.0	16 345	100.0	18 521
of which								
<b>EFTA countries</b>	22.3	2 937	24.3	3 075	26.1	4 261	26.2	4 845
<b>EEC countries</b>	46.2	6 065	36.6	4 627	37.9	6 194	39.5	7 314
<b>OECD countries</b>	77.0	10 122	67.6	8 556	73.1	11 941	76.3	14 120

# BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1972	12 012	13 087	-1 075	+ 731	+336	+ 72	+ 64	- 586	+42	- 480
1973 <sup>r</sup>	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974*	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
Jan.-March										
1972	2 870	2 956	- 86	+ 207	+ 3	+ 1	+ 125	- 142	-22	- 39
1973 <sup>r</sup>	3 282	3 868	- 586	+ 260	- 5	+ 28	- 303	- 139	-14	- 456
1974*	4 589	5 663	-1 074	+ 281	+ 10	+ 28	- 755	- 233	-25	-1 013
1975*	5 127	7 356	-2 229	+ 261	- 43	- 34	-2 045	- 316	-51	-2 412
Apr.-June										
1972	2 855	3 296	- 441	+ 170	+ 56	+ 47	- 168	- 156	- 8	- 332
1973 <sup>r</sup>	3 182	3 843	- 661	+ 218	+ 48	+ 16	- 379	- 190	-22	- 591
1974*	5 160	6 224	-1 064	+ 199	+ 74	+ 72	- 719	- 239	-12	- 970
1975*	4 696	6 683	-1 987	+ 243	+ 13	+ 7	-1 724	- 383	-15	-2 122
July-Sept.										
1972	2 979	3 198	- 219	+ 179	+192	+ 18	+ 170	- 139	+20	+ 51
1973 <sup>r</sup>	3 656	4 084	- 428	+ 271	+240	+ 10	+ 93	- 173	- 9	- 89
1974*	5 103	6 809	-1 706	+ 356	+243	- 44	-1 151	- 244	+ 8	-1 403
Oct.-Dec.										
1972	3 308	3 637	- 329	+ 175	+ 85	+ 6	- 63	- 149	+52	- 160
1973 <sup>r</sup>	4 405	4 765	- 360	+ 247	+ 57	- 25	- 81	- 251	-12	- 344
1974*	5 753	6 902	-1 149	+ 239	- 1	+ 49	- 862	- 290	-24	-1 176

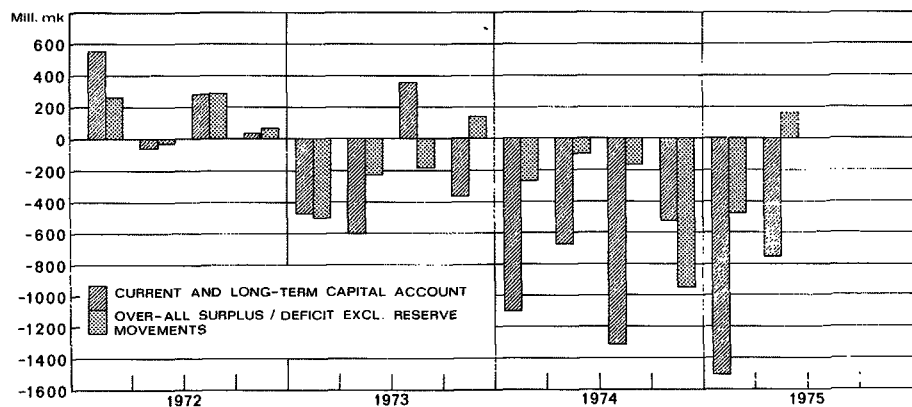


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+3 014	-1 228	-376	-106	+1 304	+ 824	+104	- 90	-247 <sup>2</sup>	+ 591	-271	-320
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+ 968	- 273	-115	+ 17	+ 597	+ 558	-156	- 27	-114 <sup>2</sup>	+ 261	-327	+ 66
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	- 98	+ 47	- 507	+353	+154
+ 481	- 522	- 23	- 26	- 90	-1 103	+270	+124	+440	- 269	+138	+131
+1 242	- 338	- 6	+ 5	+ 903	-1 509	+309	+102	+621	- 477	- 32	+509
+ 655	- 180	-192	- 5	+ 278	- 54	+ 90	+ 26	- 91	- 29	+ 37	- 8
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+191	+ 91	- 227	+301	- 74
+ 758	- 362	-115	+ 15	+ 296	- 674	+369	+ 58	+151	- 96	- 99	+195
+1 834	- 418	- 67	+ 14	+1 363	- 759	-139	+787	+268	+ 157	-668	+511
+ 628	- 327	- 41	- 25	+ 235	+ 286	+268	-125	-141	+ 288	-314	+ 26
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-322	+180	- 186	+ 66	+120
+ 543	- 373	- 60	- 22	+ 88	-1 315	+480	+252	+420	- 163	+202	- 39
+ 763	- 448	- 28	- 93	+ 194	+ 34	- 98	+ 36	+ 99	+ 71	+333	-404
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+221	+220	+ 136	-229	+ 93
+ 948	- 250	- 25	+ 10	+ 653	- 523	-189	- 97	-138	- 947	+498	+449

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

<sup>1</sup> Including Direct investment, net.

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



# PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1973	398	401	385	403	447	378	435	395	378	188	202	176
1974	495	498	482	523	536	448	555	495	459	233	231	230
1974												
Dec.	525	535	489	551	578	478	602	507	491	243	239	237
1975												
Jan.	537	546	502	565	589	487	616	518	502	247	243	237
Feb.	546	556	509	571	596	501	620	529	513	246	243	239
March	554	564	514	576	608	511	627	535	521	249	243	242
April	559	571	513	577	610	521	632	538	528	260	269	246
May	561	574	512	575	630	525	630	537	535	260	269	246
June	559	572	510	570	633	526	629	532	535	261	269	246
July	564	578	510	564	634	547	643	531	538	262	270	247
Aug.	567	580	518	566	651	547	630	540	546	263	270	247
Sept.	568	582	516	567	664	545	629	540	550	264	272	247

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1972 = 100									
			Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1973	284	223	111	112	107	111	116	110	109	109	105	111
1974	333	261	129	130	109	128	144	161	129	128	118	127
1974												
Dec.	354	278	138	138	111	139	154	175	137	133	125	136
1975												
Jan.	364	285	141	139	124	141	155	179	140	136	135	141
Feb.	369	290	143	143	125	142	155	180	145	137	137	146
March	375	294	146	148	125	145	156	181	146	139	138	148
April	383	301	149	154	126	145	161	182	148	140	140	150
May	387	304	150	155	129	146	161	183	150	144	141	151
June	388	305	151	155	129	147	161	183	150	145	143	153
July	394	310	153	157	137	148	164	184	151	145	144	156
Aug.	399	313	155	161	137	152	164	185	153	146	144	159
Sept.	405	318	157	165	137	154	165	185	153	148	150	161



# WAGES

## Index of salary and wage earnings 1964 = 100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Industry	Construction							
1973	317	260	261	219	213	217	247	212	258	238
1974*	404	317	326	256	251	252	298	248	313	285
1973										
Apr.-June	331	261	249	221	215	218	249	214	260	240
July-Sept.	314	268	270	224	220	221	259	218	271	248
Oct.-Dec.	340	275	286	226	221	223	261	219	274	250
1974*										
Jan.-March	361	284	292	229	226	225	265	222	278	254
Apr.-June	388	316	320	260	251	256	300	251	315	287
July-Sept.	410	326	336	263	258	259	310	255	326	295
Oct.-Dec.	463	342	354	273	271	270	321	264	340	307
1975*										
Jan.-March	474	355	362	278	277	275	330	269	351	315
Apr.-June	507	391	402	313	311	308	369	303	390	352
July-Sept.	514	398	410	316	318	309	375	306	397	357

# PRODUCTION

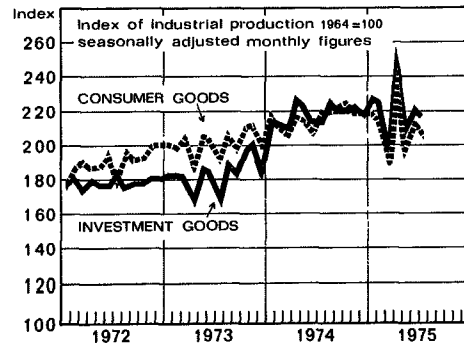
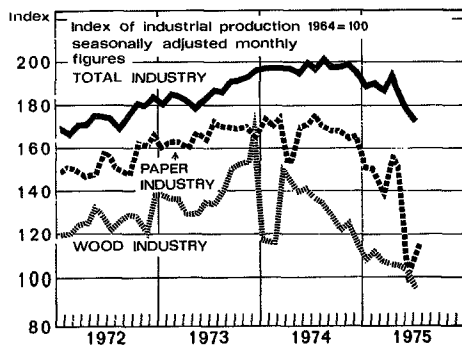
## Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1972	145	177	94	95	149	103	143	155	142	143	148
1973*	154	187	90	96	162	105	155	171	150	151	157
1974*	160	200	89	97	168	103	162	178	158	159	162
1974*											
Jan.-March	159	211	59	125	136	102	156	169	156	157	161
Apr.-June	158	199	70	113	162	107	163	172	157	158	162
July-Sept.	159	177	164	62	176	101	163	176	157	159	161
Oct.-Dec.	165	212	60	87	199	101	165	194	162	161	164
1975*											
Jan.-March	160	205	50	121	159	105	156	176	164	162	164
Apr.-June	157	197	63	107	160	108	160	177	164	162	166

# PRODUCTION

Index of industrial production 1970 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1972	114	116	114	111	111	109	112	142	115	118	113
1973	122	121	123	119	111	123	120	154	127	127	121
1974*	129	143	128	126	114	121	122	160	144	147	128
<b>1974*</b>											
March	140	156	142	131	103	150	139	180	157	160	128
April	129	152	126	128	116	140	97	162	155	156	128
May	139	157	138	135	123	150	126	158	154	162	127
June	118	137	116	115	110	119	99	146	133	139	130
July	89	66	94	81	117	70	123	128	100	69	128
Aug.	130	141	127	132	123	100	126	155	157	147	131
Sept.	130	147	129	129	112	115	126	152	153	151	129
Oct.	144	164	140	148	134	120	133	174	160	169	129
Nov.	137	159	132	139	118	111	127	170	145	164	129
Dec.	120	135	118	120	100	82	112	166	114	139	127
<b>1975*</b>											
Jan.	134	163	130	136	107	100	118	180	135	163	123
Feb.	125	152	123	125	96	102	108	169	125	153	123
March	124	148	122	125	92	98	105	170	135	150	122
April	137	172	131	144	115	113	106	181	143	172	127
May	126	151	123	128	112	107	104	162	133	152	121
June	109	142	103	117	109	91	64	134	126	139	116
July	77	66	79	75	114	48	79	97	75	68	112
Aug.	119	138	115	125	113	85	97	141	133	139	124



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un-employed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100
1972	3 409	2 173	2 118	55	2.5	34 954	128	151
1973	3 442	2 215	2 164	51	2.3	35 123	138	167
1974*	3 483	2 269	2 229	40	1.8	34 457	143	168
1974*								
June	3 483	2 432	2 397	35	1.4	2 308	140	163
July	3 485	2 447	2 409	38	1.6	1 305	146	155
Aug.	3 487	2 355	2 318	37	1.6	1 545	148	185
Sept.	3 489	2 262	2 230	32	1.4	2 021	140	178
Oct.	3 491	2 249	2 219	30	1.3	2 476	151	196
Nov.	3 439	2 239	2 207	32	1.4	2 773	149	186
Dec.	3 495	2 234	2 195	39	1.7	3 079	190	193
1975*								
Jan.	3 503	2 208	2 159	49	2.2	3 029	128	158
Feb.	3 505	2 194	2 146	48	2.2	3 899	126	157
March	3 507	2 191	2 144	47	2.1	4 535	..	..
April	3 509	2 199	2 151	48	2.2	3 799	..	..
May	3 511	2 238	2 199	40	1.8	2 646	..	..
June	3 513	2 445	2 400	45	1.8	2 381	..	..
July	3 514	2 454	2 406	48	2.0	934	..	..

## CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings-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											
1972	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.66	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1974*	53.23	22.34	3.26	20.84	3.52	45.85	21.29	2.70	16.74	3.11	50.87
1974*											
Apr.-June	16.64	7.96	1.62	5.34	0.69	10.34	5.21	0.38	3.83	0.50	54.56
July-Sept.	14.53	6.15	0.56	5.82	1.26	10.39	4.51	0.40	3.65	0.81	57.01
Oct.-Dec.	11.73	4.58	0.40	5.21	0.80	15.19	7.06	1.00	5.60	0.99	50.87
1975*											
Jan.-March	12.59	3.31	0.75	5.95	0.75	11.21	4.51	0.45	4.89	1.07	48.79
Apr.-June	15.90	7.46	1.67	5.00	0.51	10.06	4.95	0.33	3.60	0.75	54.13

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

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

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

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

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

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

*Public sector*: Receivables = Total coinage + Other public sector receivables + Bonds (since Dec. 1974).

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

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

Page 5. *Domestic financial sector*: Other receivables = Other financial institution receivables + Bonds (since Dec. 1974).

*Corporate sector*: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds (since Dec. 1974).

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

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

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

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

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

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

## STATE FINANCES

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

## FOREIGN TRADE

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

## BALANCE OF PAYMENTS

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

## PRICE INDICES

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

## WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office.

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

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

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

## SYMBOLS USED

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

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

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

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

## INTERNATIONAL ORGANIZATIONS

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

## LAND

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

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

## POPULATION

NUMBER OF INHABITANTS (1974): 4.7 million. Sweden 8.2. Switzerland 6.5, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1974:.) In South Finland 45.8, in East and Central Finland 16.9, in North Finland 3.6 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1974): 58 % of the population inhabit the rural areas, 42 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 504 280 inhabitants. Tampere (Tammerfors) 165 668, Turku (Åbo) 163 336.

EMPLOYMENT (1974): Agriculture and forestry 16 %, industry and construction 36 %, commerce 16 %, transport and communications 7 %, services 25 %.

LANGUAGE (1973): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1975): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1974): births 13.3 ‰, deaths 9.6 ‰, change + 4.1 ‰, net immigration 0.3 ‰. Deaths in France 10.4 ‰ and Great Britain 11.9 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1974, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 806 (5 %), forestry and fishing 5 154 (7 %), manufacturing 22 370 (31 %),

construction 7 525 (11 %), transport and communication 6 991 (10 %), commerce, banking and insurance 9 683 (13 %), public administration 3 357 (5 %), ownership of dwellings 3 058 (4 %), services 10 268 (14 %), total 72 212. Index of real domestic product 159 (1964 = 100).

FOREST RESOURCES (1974): The growing stock comprised of 1 511 million m<sup>3</sup> (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 606 million m<sup>3</sup> was up to the standard required for logs, 59 % of these being pine. The annual growth was 56.9 million m<sup>3</sup> and the total removal, calculated on the basis of roundwood consumption, was 52.9 million m<sup>3</sup>.

AGRICULTURE (1973): Cultivated land 2.7 million hectares. Number of holdings 266 000, of which 176 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 114 % in the crop year 1973/74.

INDUSTRY (1972): Gross value of industrial production 44 958 mill. marks, number of workers 404 033, salaried employees 114 634, motive power (1971) 6.7 mill. kW. Index of industrial production 114 for 1972 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1975): Length 5 908 km.

MERCHANT FLEET (June 30, 1975): Steamers 24 (13 200 gross reg. tons), motor vessels 364 (821 300 gross reg. tons) tankers 63 (1 139 600 gross reg. tons). Total 451 (1 974 100 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1974): Passenger cars 936 700, lorries and vans 124 900, buses 8 600, others 6 000. Total 1 076 200.

FINNISH AIRLINES (June 1, 1975): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 9 Super Caravelles, 8 DC-9s, 2 DC-10-30 and 5 Conqair Metropolitan. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

## FINANCE AND BANKING

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1974). There are two big and five small commercial banks with in all 857 offices, 294 savings banks, 390 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

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

# TRANSPORT AND COMMUNICATIONS IN FINLAND IN THE 1960s AND 1970s

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The purpose of this article is to examine the development of transport and communications in Finland in the 1960s and 1970s. Transportation will be divided, according to the object transported, into three categories: passenger transport; goods transport; and communication. Passenger transport is measured in passenger-kilometres and goods transport in ton-kilometres. The development can be broadly outlined by showing the changes in the number of passengers carried and in the quantity of goods transported. To assess the volume of communication, one must use different measures for postal services than for telephone and telegraph services: the volume of the former is expressed in the number of pieces delivered, and that of the latter in the number of calls and cables.

The survey of passenger transport includes both professionally and privately provided transportation. Goods transport is examined mainly from the point of view of professionally provided transportation, which includes all chargeable transport services. Transport services which are provided as part of another activity, for example customer deliveries by suppliers in their own vehicles, are not regarded as professionally provided transportation. A licence is needed for carrying on professional motor vehicle transport in Finland.

## TRANSPORT PERFORMANCE PASSENGER TRANSPORT

Passenger transport includes the movement of passengers in cars, buses, motorcycles, trams, trains, ships, and aeroplanes. Light traffic, i.e., pedestrian, bicycle and moped traffic, plays the dominant role in local short-distance travelling. However, apart from

mopeds, these means of passenger transport, as well as passenger movement in vans, lorries, or other means of goods transport, are not dealt with in this article.

Restrictions on the car trade in Finland were relaxed in the early 1960s, and this gave the initial impetus to a rapid growth in the country's stock of cars and an expansion of traffic. Between 1960 and 1970 the total volume of passenger transport increased from 14 600 million passenger-kilometres to 32 100 million passenger-kilometres, about 120 per cent. This growth in the volume of passenger transport is attributable mainly to an increase in passenger car traffic; during 1960—1970 passenger-kilometres undertaken by car increased by about 270 per cent, from 6 100 million to 22 600 million. In 1973 the total volume of passenger transport amounted to 37 700 million passenger-kilometres, which meant an increase of 17.5 per cent from 1970. Other means of transport have experienced very slight changes (Table 1).

**TABLE 1. TOTAL VOLUME OF INTERNAL PASSENGER TRANSPORT IN 1960, 1970 AND 1973, 1 000 MILLION PASSENGER-KILOMETRES**

	1960	1970	1973
Passenger car traffic	6.1	22.6	27.3
Motorcycle and moped traffic	1.1	1.0	1.0
Bus traffic	5.0	6.0	6.3
Railway traffic	2.3	2.2	2.8
Air transport <sup>1</sup>	0.1	0.2	0.2
Waterway traffic <sup>2</sup>	0.01	0.1	0.1
Total	14.6	32.1	37.7

<sup>1</sup> If international air transport is taken into account, the corresponding figures are 0.25, 1.3, and 1.8.

<sup>2</sup> In terms of numbers of passengers carried, the share of international shipping in passenger shipping is substantially larger than that of inland shipping. There are more than five million people travelling annually by sea from Finland and to Finland; the major part of these are travelling on the routes between Finland and Sweden.

In the 1960s the average annual growth rate in the number of passenger cars was 14.5 per cent, and the total volume of passenger transport grew at about the same rate. At the end of 1974, the total number of passenger cars was 936 681. In 1960—1972 the average annual registration of new passenger cars was about 70 000. About 18 000 cars have been scrapped each year, and hence the annual increase in the country's stock of passenger cars has been some 52 000 vehicles.

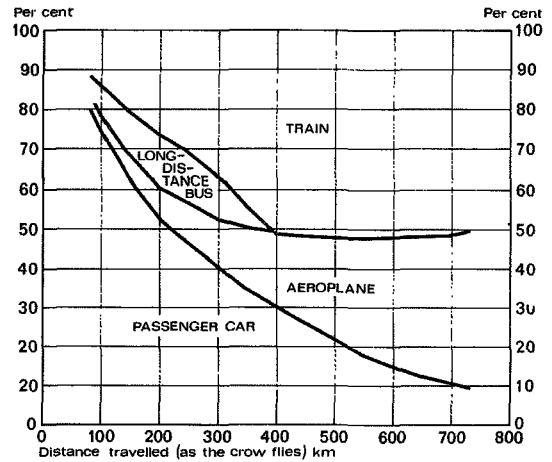
In Finland the average service life of a passenger car is between eight and nine years, although this is gradually decreasing. The average performance of a passenger car during its service life is about 130 000—140 000 kilometres in Finland, an annual performance of some 15 000—16 000 kilometres.

A passenger car makes on average between three and four journeys per day, the average number of persons carried being about 1.9 per vehicle. The number of persons carried tends to be lower than the average in short-distance travelling, but it increases with the distance travelled. The average length of a journey by passenger car is about 15 kilometres, although both the number of persons carried and the length of the journey vary substantially depending on the purpose of the journey.

Passenger cars are used mainly for short-distance travelling, so that about 70 per cent of all journeys by passenger car are of less than 15 kilometres. Between population centres, cars account for more than 50 per cent of the traffic up to distances of about 200 kilometres, and in distances of 500 kilometres their share is still about 20 per cent. (Chart 1)

Finland's stock of buses has grown steadily. In 1960 there were a total of 5 778 buses and in 1974 a total of 8 592. The annual transport contribution of a bus has been almost unchanged in recent years, at about 68 000 kilometres per vehicle. As the average service life of a bus in Finland is about 11 years, its total performance throughout its service life is about 760 000 kilometres.

**CHART 1. THE BREAKDOWN OF DIFFERENT MODES OF PASSENGER TRANSPORT IN INTER-CITY TRANSPORT (23 MAJOR CENTRES FROM THE POINT OF VIEW OF TRANSPORT) IN 1972**

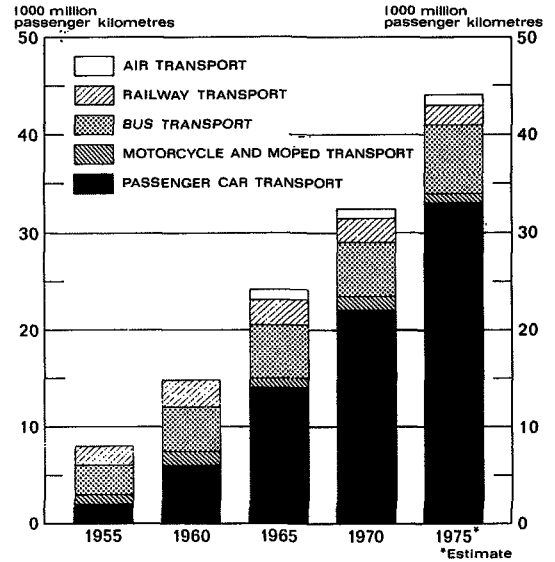


The share of bus transport in Finland's passenger transport is larger than that in several other countries, owing to geographic conditions, the structure of population, and a fairly sparse railway network. Accordingly, the use of buses per inhabitant is greater than in any of those European countries for which statistical data are available.

Bus transport can be roughly divided into local short-distance transport within population centres, and regional long-distance transport between population centres. At present, local short-distance transport accounts for about 45 per cent of the total volume of passenger transport carried by buses, with long-distance transport accounting for the remaining 55 per cent.

In Finland both local short-distance public transportation and public transportation in sparsely populated regions are provided mainly by buses, although railway transport plays some role in those areas well-served by the railway network. The importance of the State Railways in short-distance transport has increased, particularly in the metropolitan area as a result of newly-built electric connections.

**CHART 2. THE STRUCTURE AND DEVELOPMENT OF TOTAL INTERNAL PASSENGER TRANSPORT BY MODE OF TRANSPORT IN 1955-1975**



Urban bus transport differs from other types of bus transport in terms of the length of routes, the frequency of bus schedules and the tariff structure. A major part of Finnish urban bus transport is provided by the City Transport Services of Helsinki, Tampere and Turku.

Helsinki is the only city in Finland where short-distance transport is also provided by tramcars. The underground line, now under construction, will be completed by the end of the 1970s, and after that some bus lines, and some tramway lines, could be replaced by underground connections.

At present, passenger services are provided by the Finnish State Railways on about 4 700 kilometres of the railway network, the total length of which is nearly 6 000 kilometres. Since the 1960s, a number of rationalization measures have been implemented in railway passenger services; these have been designed to concentrate the supply of services on long-distance inter-city transport, and on short-distance transport within the metropolitan area.

The Finnish State Railways rolling stock includes locomotives, passenger carriages and goods-wagons. At the end of 1974, its total locomotive strength was as follows:

	Number
Diesel locomotives	360
Electric locomotives	6
Steam locomotives	250
Diesel rail-cars and rail buses	223
Electric rail-cars	50
Total	889

Almost 60 per cent of the steam locomotives are being stored, and the use of steam locomotives in operation is limited to shunting duties in railway yards.

The breakdown of the rolling stock used for passenger transport at the end of 1974 was as follows:

	Number
Powered rail-cars	273
Rail-car trailers	221
Other passenger carriages	652
Total	1 146

It is estimated that in 1970—1985 the average annual increase in the passenger transport performance of railways will be 4.4 per cent. This would mean that the growth in the volume of passenger transport will be more rapid than in 1964—1970, when the average annual growth was 0.4 per cent. Passenger transport by the state railways experienced a marked decline in the early 1960s; this was caused by substantial changes in other modes of passenger transport, particularly the expansion of passenger car and bus transport in the late 1950s and the early 1960s. As a result of these changes, it became possible for an increasing number of passengers to choose between different modes of transportation, and to select the one which was most suitable regarding the route, nature and price of the journey. (Chart 2)

#### GOODS TRANSPORT

In recent years a number of changes have taken place in the transport performance of different forms of goods transport. In 1960 lorries accounted for 44.0 per cent of total



goods transport performance, while railways accounted for 36.6 per cent. Ten years later the corresponding figures were 53.6 per cent and 26.4 per cent.

**TABLE 2. TOTAL GOODS TRANSPORT PERFORMANCE IN 1960, 1970, AND 1973, IN 1 000 MILLION TON-KILOMETRES**

	1960	1970	1973
Lorry transport	5.9	12.8	14.9
Van transport	0.3	0.6	0.8
Railways	4.9	6.3	7.0
Shipping	0.2	2.4	2.8
Floating (of logs)	2.1	1.8	1.9
Air cargo	0.002	0.001	0.001
<b>Total</b>	<b>13.4</b>	<b>23.9</b>	<b>27.4</b>

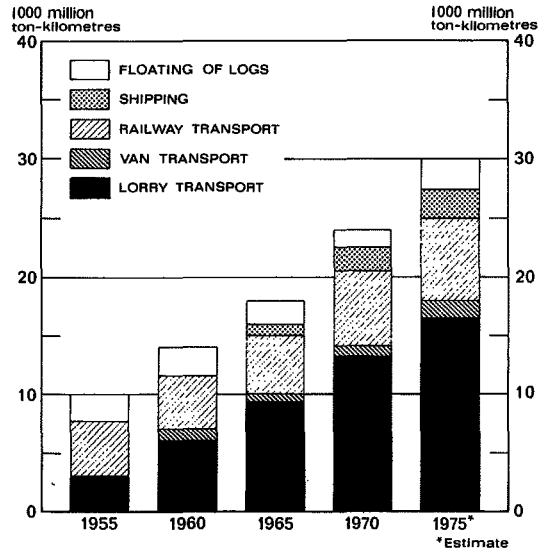
The different forms of goods transport are used partly to complement each other, partly to replace each other. In some cases it is possible to transport the goods by road, railways, waterways or by air. In practice the scope for choosing the form of transport is limited in many ways, and there often exists only one form which is technically and economically suitable.

At the end of 1974, there was a total of 50 477 lorries in Finland, of which about a half was engaged in professional transport, while the other half consisted of lorries purchased by commercial, industrial and building enterprises for their own use. It is estimated that non-professional lorry transport accounts only for about 30 per cent of the total transport performance of lorries; this low percentage may reflect the fact that the non-professional sector has smaller lorries, and that they are used less than those in professional transport.

At the end of 1974 there were in Finland 74 420 vans, of which about 80 per cent were engaged in non-professional goods transport and owned by commercial, industrial and building enterprises. These are used by enterprises for their own purposes, mainly local distribution or collection.

The Finnish State Railways own a variety of goods-wagons, and this makes it possible to render a large number of different transport

**CHART 3. THE STRUCTURE AND DEVELOPMENT OF INTERNAL GOODS TRANSPORT BY MODE OF TRANSPORT IN 1955-1975**



services in an efficient manner. At the end of 1974, the stock of goods-wagons was as follows:

	Number
Closed wagons	7 467
Open wagons	13 108
Large wagons	6
Tank-cars	930
Large tank-cars	788
Gravel, stone chip and coal wagons	1 968
Other special goods-wagons	971
<b>Total</b>	<b>25 238</b>

In the transport of goods by water, floating still played a more important role than shipping in 1960, but by 1970 the situation had been reversed. While the volume of goods floated amounted to 2 100 million ton-kilometres in 1960, it was only 1 800 million ton-kilometres in 1970. On the other hand, the volume of goods shipped had grown from 200 million ton-kilometres in 1960 to 2 400 million ton-kilometres in 1970. Water transport of goods by ship includes the transportation of goods by cargo ships and ferries in international waters, and in domestic coastal and inland waters. (Chart 3)

The volume of goods transported by air is quite modest as compared with the total volume of goods transport, but the value of goods transported by air is higher than the average. While in 1972 the unit value per ton of goods transported to Finland by sea was 390 marks, the corresponding figure for air transport was 61 057 marks.

## COMMUNICATION

Communication includes postal, telephone and telegraph services. Postal services are divided into First class and Second class deliveries; newspapers make up numerically the major part of the former group, while periodicals dominate the latter. The number of postal wrappers and circulars has increased the most in recent years. The following table shows the changes in the number of postal deliveries between 1960 and 1974:

	Number in millions
1960	846.3
1965	994.2
1970	1 190.2
1974	1 580.1

In 1972 about 1 500 million phone calls were made in Finland; that means about 320 calls per inhabitant and about 11 000 calls per telephone apparatus. In 1960—1970 the volume of local calls grew by 7.5 per cent per annum and that of trunk calls by 8.7 per cent. The following table shows the development of telephone traffic:

Year	Calls within a code district, in thousands		Trunk calls, in thousands	
	Manual	Automatic	Manual	Automatic
1960	122 457	40 000	30 973	..
1965	96 625	650 638	30 097	..
1970	94 573	990 675	29 494	105 612
1972	97 451	1 270 000	31 094	135 741

In 1972, Finland's telex network had a total of 42 telex exchanges, of which seven were junction exchanges. In the same year, the total length of the telex network was 360 000 kilometres. In internal traffic the operation of

the telex network has been completely automated since 1964, and about 95 per cent of external traffic is automated. The development of telegraphy traffic is shown in the table below:

Year	Telegrams, in thousands		Telex messages, in thousands
	Internal traffic	Total traffic	Automated inland pulses
1960	675	1 150	3 108
1965	714	1 121	15 626
1970	730	1 083	23 873
1972	749	1 052	29 158

## INVESTMENT IN TRANSPORT AND COMMUNICATIONS

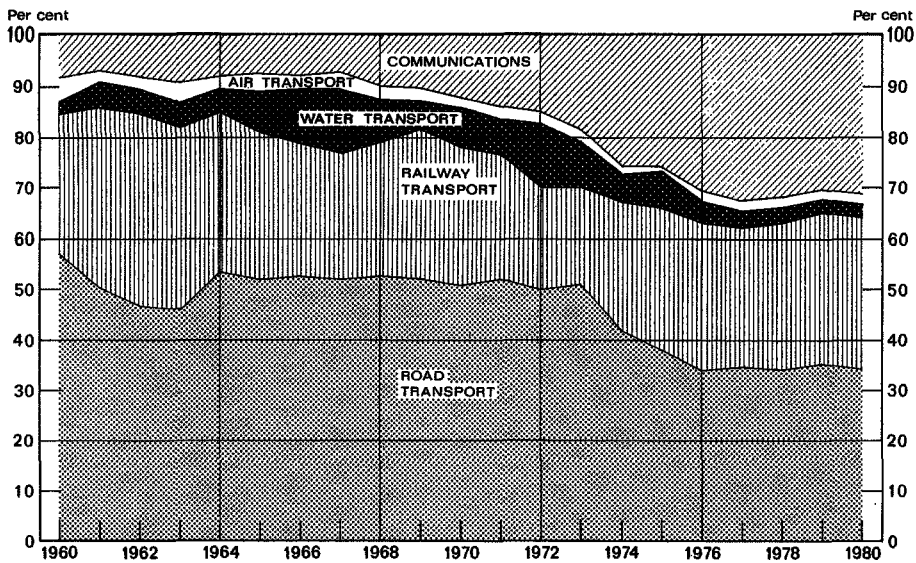
The development of different modes of transport and their importance to the economy can also be assessed on the basis of investment made in them. Communication is included in this assessment, because in certain cases it is possible to replace physical transactions by communication services.

When making comparisons between different modes of transport in terms of investment and other expenditure, it should be taken into account that the Finnish State Railways are responsible both for the physical upkeep of the railway network and for transportation upon it, whereas, for instance, in road traffic the National Board of Public Roads and Waterways is only responsible for the provision of the road network.

The breakdown of state investment in transport and communication by mode of transport is shown in Chart 4. As can be seen, the shares in total investment vary substantially. Investment in communication has grown vigorously since 1969. The automation of telephone traffic is designed to rationalize operations, improve the level of services and to level out the differences in the provision of communication services between different regions.

The growth of investment in water transport between 1964 and 1969 was mainly attributable to the re-construction of the Saimaa Canal.

**CHART 4. THE PERCENTAGE BREAKDOWN OF CENTRAL GOVERNMENT INVESTMENT IN TRANSPORT AND COMMUNICATIONS BY MODE OF TRANSPORT IN 1960-1980**



Investment in road transport has declined substantially since 1973; the volume of construction of new roads has been reduced, and attempts have been made to use state funds appropriated to the road transport sector for maintaining the existing road network.

The shares of different modes of transport in total investment would not be the same if investment made by the local government and the private sector were taken into account, in addition to that made by the central government. These include investment in the construction and maintenance of streets and in the stock of passenger cars, lorries, buses, ships, aeroplanes, etc., purchased and owned by private persons. Moreover, local governments and the private sector have built a number of airports, harbours and other terminals.

#### FUTURE DEVELOPMENTS

The Ministry of Communications started its operations on March 1, 1970; two years later

one of its departments was made into a National Board of Aviation.

In 1972 the Council of State appointed a Parliamentary Transport Committee and gave it the task of framing a comprehensive transport policy, which would be closely linked with other social policy programmes. This programme was to suggest how, subject to the constraints of finance and organisation, individuals and enterprises in all parts of Finland could be provided with an adequate level and variety of transport and communication services. The Parliamentary Transport Committee finished its work on May 31, 1975. It issued eight sub-reports concerning different sectors of transport and communications. The opinions and recommendations presented in these sub-reports provide a firm basis for outlining Finland's future transport policies. However, it will be necessary to expand and intensify further basic information and research on transport and communications, particularly regarding the use of energy.

## ITEMS

**Parliamentary election of 1975.** On June 4th, the President of the Republic decided that the election of members to the Finnish parliament for the next four years should be held, prematurely, on September 21st and 22nd, 1975. Of the 3 400 000 persons eligible to vote, 79.8 per cent cast ballots (81.1 per cent in the last election, in 1972). If the Finns living abroad, about 306 000, are included the turn-out was 73.9 per cent. The following table shows the percentage distribution of votes in 1972 and 1975.

	1972	1975
Social Democrats	25.8	25.0
People's Democrats	17.0	19.0
Centre Party	16.4	17.7
Conservatives	17.6	18.4
Swedish Party	5.3	4.7
Liberal Party	5.2	4.4
Christian League	2.5	3.3
Finnish Farmers' Party	9.2	3.6
Finnish People's Unification Party	—	1.7
Finnish People's Constitutional Party	—	1.6
Others	1.0	0.3
Total	100.0	100.0

The seats in Parliament were divided as follows:

	1972	1975
Social Democrats	55	54
People's Democrats	37	40
Centre Party	35	39
Conservatives	34	35
Swedish Party	10	10
Liberal Party	7	9
Christian League	4	9
Finnish Farmers' Party	18	2
Finnish People's Unification Party	—	1
Finnish People's Constitutional Party	—	1
Total	200	200

There were some changes in the distribution of seats in Parliament during the inter-election period since 1972. One M.P. from the Liberals crossed over to the Social Democrats, one M.P. from the Swedish Party and one from the Conservatives resigned and moved over to the Constitutionals (established after the

1972 election), and thirteen M.Ps. from the Finnish Farmers' Party split off and established a separate party, the Finnish People's Unification Party.

The election laws for 1975 were substantially different from those under which the 1972 election had taken place. The changes concerned the voting rights of Finns living abroad, the voting age, the nomination of candidates, the legal security system, elector associations, and some other mainly technical points.

In May 1972, additions to the Act on the Election of Members of Parliament extended the right to vote to Finns resident abroad: practically all Finnish citizens residing in foreign countries are now entitled to vote. Another significant amendment to electoral law since the previous election was the lowering of the voting age from 20 years to 18 years. This was approved in 1972. The regulations concerning the nomination of candidates and electoral associations came into force at the beginning of June 1975. According to the amendment it is mandatory for all parties to conduct a membership ballot for the nomination of candidates. Thus the amendment guarantees to the members of the parties a chance of influencing the nomination of candidates. For the establishment of electoral associations outside parties a minimum of 100 persons entitled to vote in the electoral district is now possible. In principle, this amendment safeguarded, for all citizens, the possibility of influencing the nomination of parliamentary candidates. A further amendment in the election law since the 1972 parliamentary election was a reform of the legal security stipulations. According to the earlier provisions, it was possible afterwards to investigate juridically whether the parties had observed their rules when nominating candidates. The consequence of breach of the rules could be a declaration of the election as void, although at no time had

this actually been done. The provisions were changed so that the membership poll and the selection candidates by the party is not controlled juridically. This alteration is based on the view that it is not pertinent in principle to subject the activity of the parties to the control of the official machinery.

#### Finland's balance of payments January—

**June 1975.** According to the Bank of Finland's preliminary figures, the current account deficit amounted to 4 534 million marks in January—June 1975. During the first half of 1974 the deficit was 1 983 million marks. The growth in the current account deficit was mainly attributable to the trade account. As compared with the corresponding period in 1974, the value of exports grew by only one per cent, while the value of imports grew by 18 per cent. Of this current account deficit, 50 per cent was covered by the inflow of long-term capital, about 40 per cent by the inflow of short-term capital, and the remainder by resorting to the foreign exchange reserves.

During the first half of the current year, the trade account deficit came to 4 216 million marks, which was almost double that of the corresponding period in 1974. The imbalance in Finland's foreign trade has increased substantially because of the economic recession prevailing in her customer countries. This has been reflected in the reduced demand for almost all products, and particularly those of forest industries. The volume of commodity exports declined by 24 per cent compared with the previous year, whereas the volume of commodity imports grew by 4 per cent. Imports of investment goods and consumer goods grew the most, the former with a 31 per cent and the latter with a 22 per cent volume growth. On the other hand, the volume of imports of raw materials and fuel declined slightly, as compared with the first half of 1974.

Travel receipts remained approximately at the level of the first half of 1974, whilst travel expenditure increased by a third, and hence the travel account showed a 30 million mark

#### MAJOR BALANCE OF PAYMENTS ITEMS, JANUARY—JUNE 1975, MILL. MK

	Receipts	Expenditure	Net
Commodity trade (expots f.o.b., imports c.i.f.)	9 852	14 087	—4 235
Adjustment items	— 29	— 48	+ 19
<b>A VISIBLE TRADE</b>			
ACCOUNT	9 823	14 039	—4 216
Transport (c.i.f.)	819	314	+ 505
Travel	464	494	— 30
Other services	816	844	— 28
<b>B VISIBLE AND INVISIBLE TRADE</b>			
ACCOUNT	11 922	15 691	—3 769
Investment income, net	238	937	— 699
Transfer payments	24	90	— 66
<b>C CURRENT ACCOUNT</b>	<b>12 184</b>	<b>16 718</b>	<b>—4 534</b>
	Receivables	Liabilities	Net receivables
Drawings of long-term loans	—268	+3 076	+2 808
Redemptions of long-term loans	+195	— 756	— 561
Other long-term capital flows	— 77	+ 96	+ 19
<b>D LONG-TERM CAPITAL ACCOUNT</b>	<b>—150</b>	<b>+2 416</b>	<b>+2 266</b>
<b>E BASIC BALANCE (C + D)</b>			<b>—2 268</b>
Short-term trade credits	—132	+1 191	+1 059
Other short-term capital flows			+ 889
<b>F SHORT-TERM CAPITAL ACCOUNT</b>			<b>+1 948</b>
<b>G OVERALL BALANCE (E + F)</b>			<b>— 320</b>
Net liabilities of other foreign exchange holders			+1 020
<b>H CHANGE IN THE FOREIGN EXCHANGE RESERVES OF THE BANK OF FINLAND (increase —)</b>			<b>— 700</b>

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

deficit. Net interest charges on foreign loans were 699 million marks, nearly 50 per cent more than in January—June 1974.

The total current account deficit amounted to 4 534 million marks, 27 per cent of current account expenditure. In the first half of 1974, this ratio had been 14 per cent.

While the international capital market was easy, new long-term foreign loans were drawn, totalling 3 076 million marks. As redemptions of outstanding loans amounted to 756 million marks, the net inflow of long-term capital came to 2 320 million marks. Drawings of long-term export credits granted to foreign customers exceeded repayments of outstanding loans by 73 million marks. Foreign direct investment in Finland amounted to 129 million marks and Finnish direct investment abroad to 60 million marks. The net inflow of short-term capital (including statistical error) came to 1 948 million marks. The prepayments obtained from the Soviet Union for Finnish exports caused a notable increase in the inflow of short-term capital.

The country's total foreign exchange reserves declined by 320 million marks. The foreign exchange reserves of the Bank of Finland grew by 700 million marks, whereas the total foreign exchange liability of other foreign exchange holders increased by 1 020 million marks. The convertible foreign exchange reserves of the Bank of Finland declined by 171 million marks, while the clearing account debt in tied currencies of 388 million marks at the turn of the year was replaced by a 483 million mark receivable.

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## BANK OF FINLAND

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### Board of Management

Mauno Koivisto

*Governor*

A. Simonen

*Deputy Governor*

Ahti Karjalainen

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

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### Directors

Jouko J. Voutilainen

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Seppo Lindblom

K. Ignatius

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### Senior officials

Pertti Kukkonen

*Director, ADP-planning*

Pauli Kanerva

Eino Helenius

*Administration*

Pentti Koivikko

*Personnel*

Reino Airikkala

*Monetary Policy*

Antti Lehtinen

*Domestic Financial  
Operations*

Kalle Koski

*Capital Transfers*

Kari Pekonen

*Foreign Exchange Policy*

Raine Panula

*Foreign Exchange*

Raili Nuortila

*Eastern Trade*

J. Ojala

*Foreign Exchange Control*

Kari Puumanen

*Economics Dept.*

Heikki Koskenkylä

*Research Dept.*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign Correspondence*

Stig G Björklund

*Banking Services*

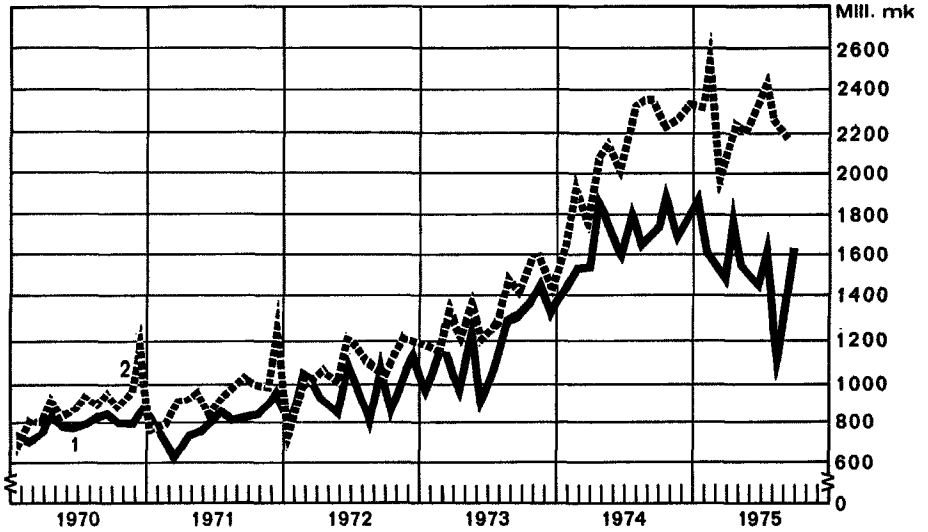
Eino Suomela

*Internal Audit*

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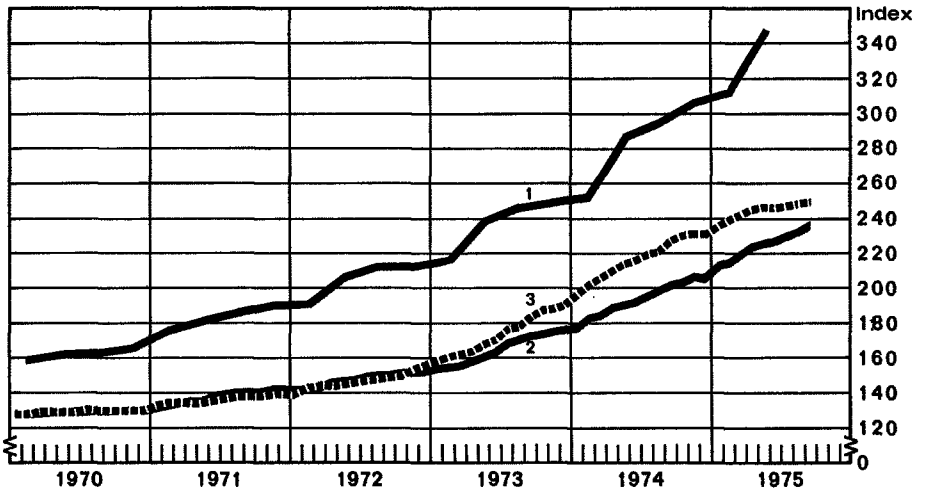
FOREIGN TRADE, 1970-1975

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



PRICES AND WAGES, 1970-1975

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



PRODUCTION, 1970-1975

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

