



# BANK OF FINLAND

*Monthly Bulletin*

Collective agreements for February  
1976—January 1977

The balance of payments and foreign  
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Inflow of long-term loan capital in 1975

The Bank of Finland investment inquiry  
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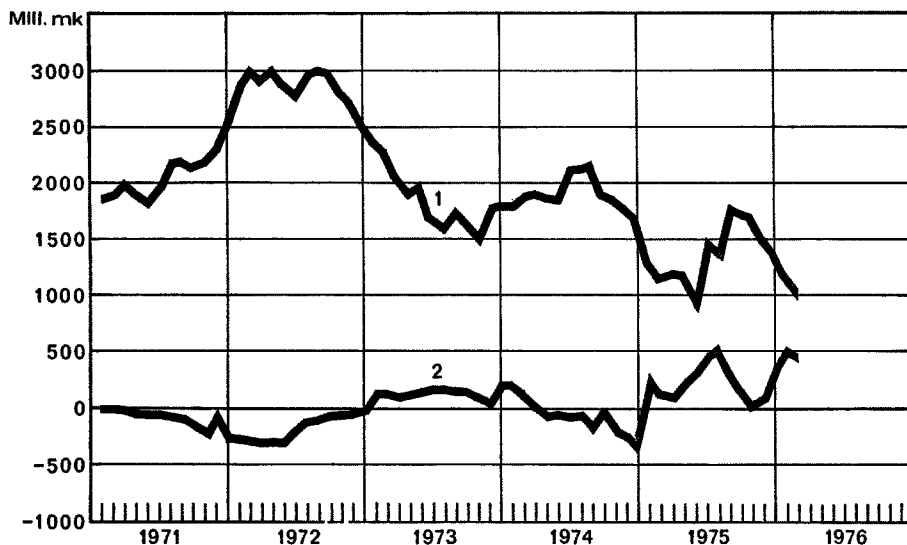
The International Monetary Fund decision  
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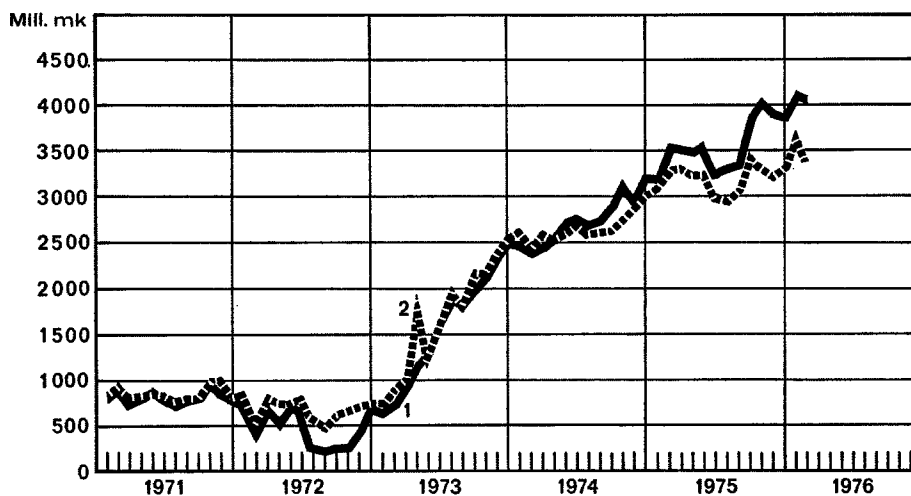
**APRIL 1976**

**Vol. 50 No. 4**

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



**BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC  
FINANCIAL SECTOR, 1971-1976**



**BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1971-1976**



# COLLECTIVE AGREEMENTS FOR FEBRUARY 1976— JANUARY 1977

On February 12, 1976, the central labour market organizations signed the general incomes policy agreement for the period from February 1976 to January 1977. The reaching of the agreement was facilitated by the Central Government's promise to take intensive measures to curb inflation and improve the employment situation. In fact, quite strict price control measures were agreed upon, and a related Act was subsequently passed. A separate agreement on agricultural income was negotiated at the same time and signed on January 30.

The previous incomes policy agreement, for the period from April 1974 to January 1976, was, in principle, an agreement for almost two years, although it did provide for revision negotiations at the beginning of 1975, to deal with any unexpected economic developments.

Mainly as a consequence of a substantial increase in export income, wage drift in the export sector, and the rise in import prices in 1974, the revision negotiations in the spring of 1975 involved claims for rises in earnings higher than had been provisionally agreed upon at the beginning of 1974. As a result of the revision negotiations, the previously-negotiated salary and wage rises were increased, and their timing was altered. Some increases in agricultural incomes were negotiated at the same time. Moreover, the Central Government promised to implement some fiscal and social policy measures designed to reduce personal taxes and to offset the rise in living-costs caused by the agreement on agricultural income.

Negotiated wages and salaries rose by slightly more than 10 per cent from the beginning of April 1975, and the increase for the year as a whole was about 13 per cent. Though wage drift in 1975 was reduced from the

previous year, it was about 8 per cent on an annual basis and so the rise in the index of wage and salary earnings was almost 22 per cent in 1975. Employers' social security contributions increased at the same time by more than 28 per cent and hence, with the volume of total output remaining at the level of 1974, unit labour costs grew by almost 23 per cent in 1975.

According to the new collective agreement, wages would be increased from the beginning of February 1976 by 60 pennies an hour, but not less than 3.5 per cent. In addition to these increases, the trade unions were allowed an adjustment of 1.5 per cent, the distribution of which would be agreed upon separately, sector by sector. It was agreed that the existing shift-work supplements would be increased by 20 pennies per hour and that the minimum hourly wage for adults would go up by 9.5 per cent, to 6.90 marks. In all, it is estimated that these measures increased the index of negotiated wages and salaries by about 7 per cent as from the beginning of February. Compared with those in previous agreements, the clauses related to social conditions are of minor importance and are mainly related to the development of insurance security and to the right to be absent from work.

The employees' side in the negotiations demanded severe restraint of price rises as a condition for the agreement on wages and salaries. In this context, Parliament passed a Price Act, under which a five-month price freeze was to be implemented. The price freeze extends to the end of June, until when, in principle, all prices are to stay at their levels of January 21. The exceptions to the general rule are state charges and agricultural products, the target prices of which were raised from the beginning of March, on the basis of the agreement on agricultural in-

come. In addition price rises, caused by increasing costs, will be allowed if they are necessary for the maintenance of employment in marginal enterprises. For price increases in these categories, the approval of the Council of State must be obtained. After the period of price-freeze, tight price control will be implemented until the end of the agreement period. The main object of this price control will be to limit the degree to which rises in wages and other input costs can be passed on in prices.

In connection with the negotiations it was agreed that the labour market organizations would assemble in September to discuss whether economic developments, and particularly the rate of price-inflation, correspond to the estimates made at the time the agreement was concluded. No price clause was, however, included in the agreement.

After the wage and salary agreement had been approved, an agreement on agricultural income was also concluded. Its total impact on agricultural income will be about 700 million marks, and it is estimated that it will raise

the agricultural income level by approximately the same amount as the incomes policy agreement will increase wage and salary earnings. Under the agricultural income agreement, it was decided that the target prices of a number of agricultural products would be increased as from the beginning of March. It is estimated that the effect of this will be to increase the March consumer price index to slightly more than one per cent above that of February.

Individual, sector-by-sector agreements, in keeping with the collective agreement have been widely adopted. At the middle of March such agreements had been approved by about 1.2 million employees, that is more than 85 per cent of all wage and salary earners.

As mentioned before, the average increase in centrally negotiated wages and salaries was about seven per cent from the beginning of February. Because of poor production prospects, wage drift can be expected to be quite small, perhaps less than two per cent. Accordingly, the rise in unit labour costs this year will be substantially smaller than last year.

March 23, 1976

## BANK OF FINLAND

Mill. mk

	1975		1976			
	Feb. 28	Dec. 31	Mar. 8	Mar. 15	Mar. 23	Mar. 31
<b>Assets</b>						
Gold and foreign exchange receivables	1 527	1 950	1 653	1 719	1 694	1 608
Gold	121	121	121	121	121	121
Special drawing rights	286	278	272	272	272	272
IMF gold tranche	268	—	—	—	—	—
Convertible currencies	574	1 089	819	906	914	791
Tied currencies	278	462	441	420	387	424
Other foreign receivables	1 106	1 274	1 392	1 400	1 407	1 442
Foreign bills	230	272	271	279	292	299
Foreign bonds	346	204	323	323	317	317
Currency subscription to Finland's quota in the IMF	530	798	798	798	798	826
Receivables from financial institutions	3 454	4 164	4 635	4 653	5 170	4 658
Cheque accounts of the commercial banks	171	133	208	196	194	202
Discounted bills	2 970	3 385	3 035	3 045	3 045	3 035
Bonds	244	327	365	379	387	416
Call money market advances	—	—	973	1 002	1 529	997
Other financial institution receivables	69	319	54	31	15	8
Receivables from the public sector	307	339	334	336	337	338
Bonds	71	70	70	71	72	72
Total coinage	233	256	262	263	264	265
Other public sector receivables	3	13	2	2	1	1
Receivables from corporations	654	933	1 065	1 084	1 088	1 098
New export bills	97	128	126	127	128	125
Financing of suppliers' credits	273	402	450	458	455	458
Bonds	244	223	217	216	214	211
Other corporate receivables	40	180	272	283	291	304
Other assets	37	47	46	46	46	47
Total	7 085	8 707	9 125	9 238	9 742	9 191
<b>Liabilities</b>						
Foreign exchange liabilities	170	172	210	217	209	203
Convertible accounts	53	78	158	160	158	157
Tied accounts	117	94	52	57	51	46
Other foreign liabilities	788	1 385	1 385	1 385	1 385	1 413
IMF mark accounts	530	1 127	1 127	1 127	1 127	1 155
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 318	2 855	2 614	2 582	2 507	2 544
Notes	2 120	2 617	2 383	2 352	2 277	2 314
Coins	198	238	231	230	230	230
Deposit certificates in circulation	1 050	250	30	10	10	—
Claims of financial institutions	27	29	654	745	1 352	845
Cheque account of Postipankki	2	1	0	3	2	1
Cheque accounts of the commercial banks	2	3	2	4	1	1
Call money market deposits	—	—	651	736	1 348	834
Other financial institution claims	23	25	1	2	1	9
Claims of the public sector	551	1 301	1 449	1 442	1 414	1 465
Cheque accounts	4	2	0	2	2	0
Counter-cyclical reserves	543	155	55	55	55	55
Import deposits	—	1 135	1 377	1 368	1 325	1 378
Other public sector claims	4	9	17	17	32	32
Claims of corporations	336	539	525	597	589	427
Investment deposits	36	73	60	61	62	69
Counter-cyclical withholdings	110	—	—	—	—	—
Capital import deposits	175	450	439	523	514	345
Import levy deposits	8	8	7	7	8	8
Other corporate claims	7	8	19	6	5	5
Other liabilities	13	15	15	13	12	12
Equalization accounts	900	331	376	376	388	401
Capital accounts	932	1 830	1 867	1 871	1 876	1 881
Primary capital	600	1 400	1 400	1 400	1 400	1 400
Reserve fund	237	237	334	334	334	334
Undisposed profits	75	—	97	97	97	97
Net earnings	20	193	36	40	45	50
Total	7 085	8 707	9 125	9 238	9 742	9 191

End of year and month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserve (1-2)	Non-convertible exchange reserve	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250

## 1975

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
Nov.	1 611	79	1 532	123	1 311	1 385	1 581	333	1 383	1 050	400
Dec.	1 448	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250

## 1976

Jan.	1 277	86	1 191	533	1 373	1 385	1 712	335	1 318	983	160
Feb.	1 113	82	1 031	482	1 390	1 385	1 518	334	1 380	1 046	—
March	1 184	157	1 027	378	1 442	1 413	1 434	338	1 465	1 127	—

<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, Dec. 31, 1975			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Dec.	Jan.-Dec.
Gold	121	—	121	121	—	121	—	—
Special drawing rights	286	—	286	278	—	278	—6	—8
IMF gold tranche	268	—	268	—	—	—	—	—268
Convertible currencies	1 047	—564	483	1 011	—1 759	—748	—460	—1 231
Total	1 722	—564	1 158	1 410	—1 759	—349	—466	—1 507
Non-convertible currencies	—388	— 5	—393	368	—1	367	251	760

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
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 413
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855

## 1975

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

## 1976

Jan.	3 085	147	543	2	3	2	3 768	973	540	433	2 614
Feb.	3 035	196	1 408	5	0	709	3 925	1 031	548	483	2 677
March	3 035	202	1 421	1	1	843	3 813	1 098	427	671	2 544

<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

March, 25, 1976

New York <sup>1</sup>	1 \$	3.852	Frankfurt o. M.	100 DM	151.10	Vienna	100 S	21.05
Montreal	1 \$	3.915	Amsterdam	100 Fl	143.25	Lisbon	100 Esc	13.25
London	1 £	7.430	Brussels <sup>2</sup>	100 Fr		Madrid	100 Pta	5.75
Stockholm	100 Kr	87.40	Zurich	100 Fr	151.15	Tokyo	100 Y	1.288
Oslo	100 Kr	69.60	Paris	100 FF	82.15	Reykjavik	100 Kr	2.22
Copenhagen	100 Kr	63.40	Rome	100 Lit	0.461	Moscow <sup>3</sup>	1 Rbl	5.112

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

<sup>2</sup> 9.880 commercial rate; 9.450 financial rate.

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

# DEPOSITS BY THE PUBLIC

Mill. mk

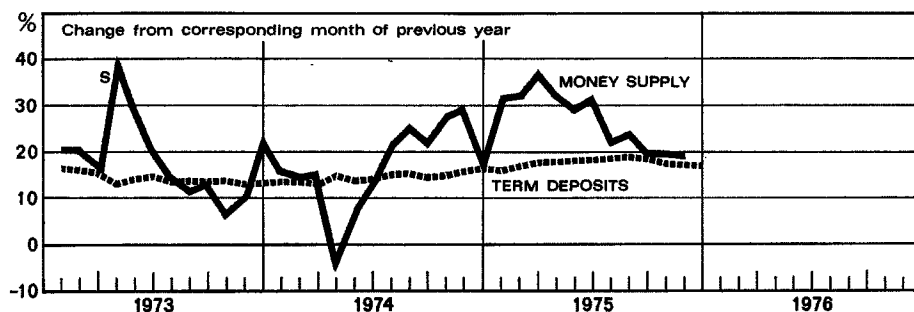
End of year and month	Sight deposits			Term deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 961	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
1975*	3 442	4 638	2 301	11 761	9 742	7 554	3 170	1 094	33 324	40 263

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
Sept.	2 546	3 531	1 582	10 959	9 203	7 177	2 929	1 056	31 324	36 437
Oct.	2 686	3 653	1 417	11 011	9 225	7 206	2 939	1 058	31 439	36 509
Nov.	2 659	3 642	1 652	11 234	9 326	7 280	2 985	1 057	31 882	37 176
Dec.	3 442	4 638	2 301	11 761	9 742	7 554	3 170	1 094	33 324	40 263

1976\*

Jan.	3 268	4 301	2 038	11 872	9 891	7 685	3 229	1 117	33 794	40 133
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# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

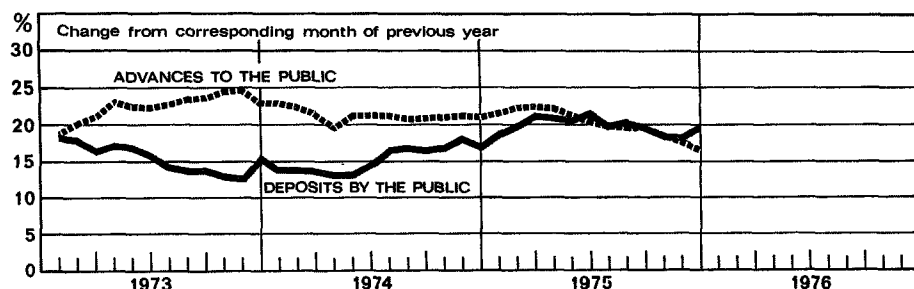
End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 446
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 026
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115
1974*	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283
1975*	17 773	9 105	7 813	5 488	4 133	..	..	44 312	..

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	7 245
May	17 148	8 219	6 944	4 968	3 637	39 640	1 276	40 916	7 335
June	17 303	8 312	7 019	4 983	3 660	39 951	1 326	41 277	7 801
July	17 291	8 419	7 125	5 054	3 704	40 339	1 254	41 593	7 331
Aug.	17 307	8 582	7 249	5 063	3 776	40 674	1 303	41 977	7 517
Sept.	17 734	8 749	7 450	5 104	3 815	41 456	1 396	42 852	7 391
Oct.	17 811	8 785	7 542	5 275	3 900	41 907	1 406	43 313	7 321
Nov.	17 852	8 997	7 673	5 420	4 046	42 585	1 403	43 983	7 643
Dec.	17 773	9 105	7 813	5 488	4 133	..	..	44 312	..

1976\*

Jan.	17 769	9 279	7 900	5 551	4 223	..	..	44 722	..
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## STATE FINANCES

Mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1974	1975		1974	1975
Income and property tax (net)	7 054	8 530	Wages, salaries, pensions etc.	3 061	3 965
Gross receipts	(14 012)	(17 890)	Repair and maintenance	474	582
Refunds & local authorities	(—6 958)	(—9 360)	Other consumption expenditure	1 334	1 822
Other taxes on income and property	147	174	Total consumption expenditure	4 869	6 369
Employers' child allowance payments	595	774	State aid to local authorities	2 989	4 297
Sales tax	4 728	5 316	State aid to industries	2 449	3 886
Revenue from Alcohol Monopoly	1 041	1 282	of which: agric. price subsidies	(1 669)	(1 924)
Customs duties & import charge	474	546	Child allowances	430	635
Counter-cyclical tax	—	—	Share in national pensions and health insurance	213	208
Excise duty on tobacco	549	533	Other transfer expenditure	2 029	2 475
» » on liquid fuel	853	1 071	Total transfer expenditure	8 110	11 501
Other excise duties	407	572	Machinery and equipment	656	926
Tax on autom. and motor cycles	428	685	House construction	367	507
Stamp duties	383	445	Land and waterway construction	1 042	1 277
Special diesel etc. vehicles tax	58	61	Total real investment	2 065	2 710
Other taxes and similar revenue <sup>1</sup>	396	518	Interest on State debt	181	165
Total taxes	17 113	20 507	Index compensations	33	39
Miscellaneous revenue	960	2 065	Net deficit of State enterprises	96	377
Interest, dividends etc.	423	473	Other expenditure	22	41
Sales and depreciation of property	4	10	Total other expenditure	332	622
Redemptions of loans granted	216	234	Increase in inventories	+82	+244
Total revenue	18 716	23 289	Lending	1 353	2 168
Foreign borrowing	11	151	Other financial investment	443	550
Domestic borrowing	217	447	Total expenditure	17 254	24 164
Total borrowing	228	598	Redemption of foreign loans	187	131
Deficit (+) or surplus (—)	(—1 099)	(+708)	Redemption of domestic loans	404	300
			Total redemptions	591	431
Total	17 845	24 595	Total	17 845	24 595

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

State debt	1972	1973	1974	1975		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.
Foreign debt	1 517	1 395	1 152	1 256	1 225	1 241
Loans	2 268	1 758	1 528	1 597	1 613	1 650
Compensatory obligations	2	1	1	1	1	1
Short-term credit	56	39	37	65	86	86
Cash debt (net)	—488	—488	—571	—470	—437	—576
Domestic debt	1 838	1 330	995	1 193	1 263	1 161
Total State debt	3 355	2 725	2 147	2 449	2 488	2 402
Total debt, mill \$	804	710	590	632	642	621

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974*	20 687	25 666	-4 979
1975*	20 247	27 974	-7 727

1974\*

Nov.	1 812	2 300	- 488
Dec.	1 715	2 198	- 483

1975\*

Jan.	2 030	2 751	- 721
Feb.	1 549	2 535	- 986
March	1 576	2 096	- 520
April	1 739	2 301	- 562
May	1 594	2 356	- 762
June	1 380	2 046	- 666
July	1 651	2 262	- 611
Aug.	1 135	2 163	-1 028
Sept.	1 710	2 235	- 525
Oct.	1 840	2 444	- 604
Nov.	1 672	2 240	- 568
Dec.	2 371	2 545	- 174

1976\*

Jan.	1 564	2 133	-569
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Indices of exports and  
imports 1969 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1970	107	121	108	108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974*	126	151	196	200	98
1975*	105	151	232	218	106

1973

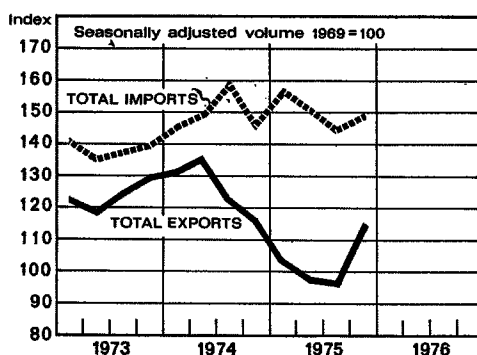
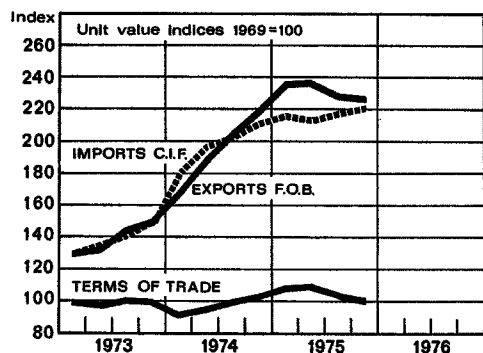
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	141	103
Oct.-Dec.	140	149	151	150	101

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
July-Sept.	94	143	230	219	105
Oct.-Dec.	124	153	228	223	102



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agri- cultural and other primary products	Wood industry products	Paper industry products	Metal, en- gineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974*	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24
1975*	449	2 177	7 225	5 357	5 039	17 033	1 671	5 217	3 990	63

## 1974\*

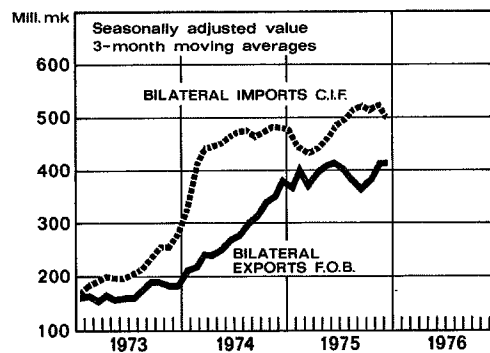
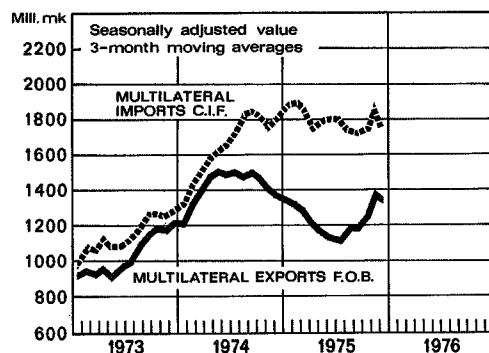
Nov.	16	228	736	361	471	1 381	186	428	304	1
Dec.	63	191	718	310	433	1 457	154	317	269	1

## 1975\*

Jan.	71	229	780	496	454	1 682	146	542	380	1
Feb.	13	145	617	389	385	1 573	134	464	363	1
March	69	141	666	292	408	1 270	107	353	366	0
April	12	168	678	428	453	1 389	111	430	370	1
May	59	159	615	348	413	1 364	128	484	376	4
June	11	154	491	399	325	1 299	148	329	265	5
July	28	194	534	560	335	1 390	126	421	299	26
Aug.	18	139	451	226	301	1 275	170	433	276	9
Sept.	44	202	585	442	437	1 383	137	363	344	8
Oct.	25	199	570	505	541	1 540	154	411	338	1
Nov.	17	213	579	395	468	1 354	170	426	288	2
Dec.	82	234	659	877	519	1 514	140	561	325	5

## 1976\*

Jan.	114	191	477	436	346	1 193	133	494	312	1
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## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January				January			
	1975*		1976*		1975*		1976*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	61.1	1 239	63.0	986	69.2	1 901	69.2	1 476
Austria	0.6	12	0.6	10	1.4	39	2.4	52
Belgium-Luxembourg	1.4	28	1.5	24	2.1	58	2.2	46
Denmark	3.5	71	3.3	51	3.7	102	2.8	59
France	4.2	86	3.6	57	2.8	76	2.9	61
Federal Republic of Germany	9.4	191	9.3	145	16.2	446	14.9	318
Italy	1.6	33	1.7	27	1.9	53	1.9	41
Netherlands	2.1	42	2.8	44	3.2	88	3.5	74
Norway	2.6	52	5.2	82	2.8	76	5.9	126
Portugal	0.2	5	0.3	4	0.6	17	0.3	6
Spain	1.1	23	1.1	17	2.2	60	2.5	53
Sweden	14.5	293	14.9	233	19.9	547	18.2	389
Switzerland	2.0	41	2.6	40	3.6	98	3.0	65
United Kingdom	16.1	326	14.8	231	8.7	238	8.4	180
Other	1.8	36	1.3	21	0.1	3	0.3	6
<b>OECD countries outside Europe</b>	4.3	88	5.8	90	11.6	320	6.1	130
Canada	0.5	11	0.6	9	0.5	15	0.4	8
Japan	1.0	20	0.7	11	1.2	32	1.3	27
United States	2.3	46	3.9	61	9.9	272	4.4	95
Other	0.5	11	0.6	9	0.0	1	0.0	0
<b>CMEA countries</b>	22.9	464	22.8	357	15.2	419	19.7	421
Czechoslovakia	0.4	7	0.5	8	0.4	10	0.5	10
Democratic Republic of Germany	0.5	11	0.9	14	0.6	16	0.6	12
Poland	1.0	20	2.2	34	1.5	42	1.6	35
Soviet Union	20.1	408	18.4	288	12.0	330	16.3	348
Other	0.9	18	0.8	13	0.7	21	0.7	16
<b>Latin America</b>	2.7	56	2.7	42	2.0	54	1.6	33
Argentina	1.5	31	0.4	7	0.0	0	0.0	0
Brazil	0.7	14	0.2	3	0.7	18	0.9	18
Colombia	0.0	0	0.1	1	1.0	27	0.5	11
Other	0.5	11	2.0	31	0.3	9	0.2	4
<b>Other</b>	9.0	183	5.7	89	2.0	56	3.4	73
<b>GRAND TOTAL</b>	100.0	2 030	100.0	1 564	100.0	2 750	100.0	2 133
of which								
<b>EFTA countries</b>	20.1	409	23.7	371	28.3	777	30.1	642
<b>EEC countries</b>	39.2	795	37.5	586	38.6	1 061	36.6	780
<b>OECD countries</b>	65.4	1 327	68.8	1 076	80.8	2 221	75.3	1 606

# BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1973 <sup>r</sup>	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974 <sup>r</sup>	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
1975*	20 183	27 879	-7 696	+ 962	+101	+257	-6 376	-1 414	-83	-7 873

## Jan.-March

1973 <sup>r</sup>	3 282	3 868	- 586	+ 260	- 5	+ 28	- 303	- 139	-14	- 456
1974 <sup>r</sup>	4 589	5 683	-1 094	+ 338	+ 10	+ 5	- 741	- 233	-25	- 999
1975*	5 127	7 356	-2 229	+ 261	- 43	- 34	-2 045	- 316	-51	-2 412

## Apr.-June

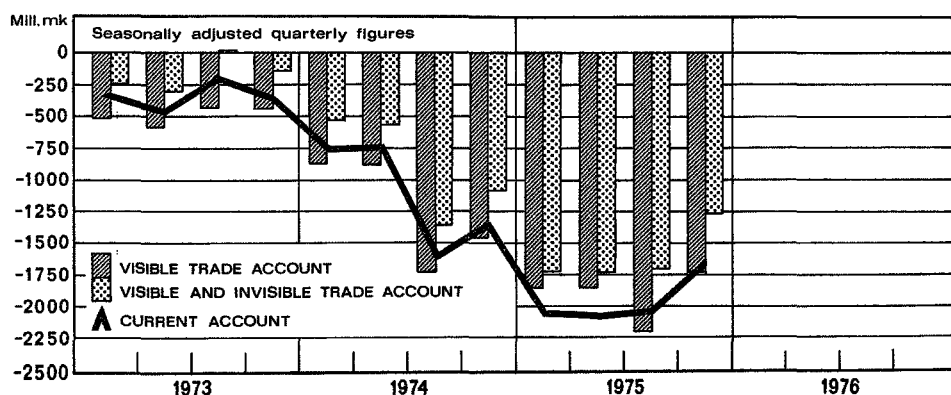
1973 <sup>r</sup>	3 182	3 843	- 661	+ 218	+ 48	+ 16	- 379	- 190	-22	- 591
1974 <sup>r</sup>	5 159	6 198	-1 039	+ 282	+ 74	+ 47	- 636	- 239	-11	- 886
1975*	4 696	6 683	-1 987	+ 243	+ 13	+ 7	-1 724	- 383	-15	-2 122

## July-Sept.

1973 <sup>r</sup>	3 656	4 084	- 428	+ 271	+240	+ 10	+ 93	- 173	- 9	- 89
1974 <sup>r</sup>	5 104	6 838	-1 734	+ 251	+243	- 36	-1 276	- 243	- 4	-1 523
1975*	4 482	6 645	-2 163	+ 262	+142	+ 70	-1 689	- 309	- 8	-2 006

## Oct.-Dec.

1973 <sup>r</sup>	4 405	4 765	- 360	+ 247	+ 57	- 25	- 81	- 251	-12	- 344
1974 <sup>r</sup>	5 753	6 879	-1 126	+ 204	- 1	+ 89	- 834	- 292	-29	-1 154
1975*	5 878	7 195	-1 317	+ 196	- 11	+214	- 918	- 406	- 9	-1 333



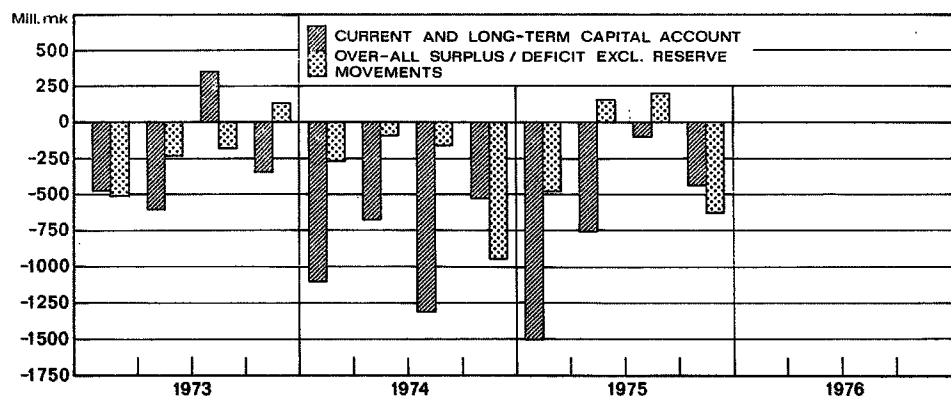
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, 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
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+6 729	-1 445	-214	+ 52	+5 122	-2 751	+796	+1 413	-205	- 747	-444	+1 191
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	- 98	+ 47	- 507	+353	+154
+ 481	- 522	- 24	- 26	- 91	-1 090	+288	+ 124	+409	- 269	+138	+131
+1 242	- 338	- 6	+ 5	+ 903	-1 509	+309	+ 102	+621	- 477	- 32	+509
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+ 191	+ 91	- 227	+301	- 74
+ 758	- 362	-114	+ 13	+ 295	- 591	+349	+ 58	+ 88	- 96	- 99	+195
+1 834	- 418	- 67	+ 14	+1 363	- 759	-139	+787	+268	+ 157	-668	+511
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-322	+180	- 186	+ 66	+120
+ 549	- 379	- 61	- 25	+ 84	-1 439	+502	+ 312	+462	- 163	+202	- 39
+2 121	- 274	+ 3	+ 55	+1 905	- 101	..	..	+306 <sup>3</sup>	+ 205	+ 91	-296
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+ 221	+220	+ 136	-229	+ 93
+ 942	- 274	- 24	+ 15	+ 659	- 495	-209	-157	- 86	- 947	+498	+449
+1 532	- 415	-144	- 22	+ 951	- 382	+491	- 51	-690	- 632	+165	+467

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.

<sup>3</sup> Due to statistical difficulties this includes both Short-term import credits and prepayments, net and Short-term export credits and prepayments, net.



# 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			
1974	495	498	482	523	536	448	555	495	459	233	231	230
1975	562	575	513	570	637	532	629	536	539	259	264	246
1975												
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
Oct.	573	588	517	568	671	556	629	541	562	265	272	248
Nov.	577	592	518	570	676	560	631	543	566	265	272	250
Dec.	578	595	514	574	677	559	632	546	567	266	272	251
1976												
Jan.	591	610	517	582	688	578	644	555	583	270	273	260
Feb.	599	617	531	587	691	591	647	565	593	271	273	261
Consumer prices 1972 = 100												
Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1974	333	261	129	130	109	128	144	161	129	128	118	127
1975	392	308	153	157	135	150	162	184	150	145	144	156
1975												
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
Oct.	411	323	160	166	148	158	166	187	155	148	151	166
Nov.	415	326	161	168	149	159	166	188	156	152	152	168
Dec.	418	328	162	169	149	160	166	188	157	154	152	169
1976												
Jan.	426	335	166	167	161	163	168	189	159	166	154	172
Feb.	432	339	168	167	161	163	168	191	160	169	156	181



# WAGES

Index of salary and wage earnings 1964 = 100

Period	By industries				By institutional sectors			All salary earners	All wage earners	All employ-ees
	Wage earners in			Employ-ees in services	State employ-ees	Municipal employ-ees	Employ-ees in private sector			
	Agri-culture	Industry	Con-struction							
1973	317	260	261	219	213	217	247	212	258	238
1974*	404	317	326	256	251	252	298	248	313	285
1975*	515	387	392	310	309	306	363	299	384	347

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	353	361	278	277	275	330	269	350	314
Apr.-June	507	391	394	313	312	308	370	303	392	353
July-Sept.	514	398	401	317	318	309	374	307	396	357
Oct.-Dec.	553	405	412	332	331	331	379	317	403	365

# PRODUCTION

Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1973	154	187	90	96	162	105	155	171	150	151	157
1974*	161	200	90	97	168	102	164	178	158	159	163
1975*	160	195	92	83	167	105	161	184	166	166	166

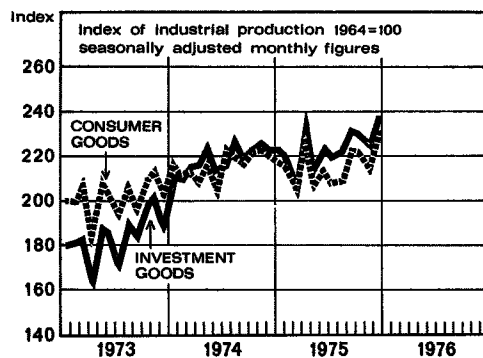
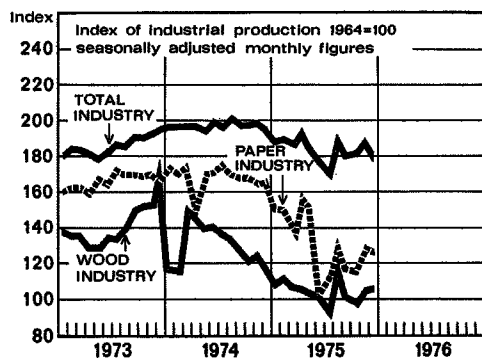
1974*											
Jan.-March	160	212	60	125	136	102	158	169	156	157	162
Apr.-June	158	197	71	113	162	107	166	172	157	158	164
July-Sept.	159	179	165	62	176	101	166	176	157	159	163
Oct.-Dec.	165	212	63	87	199	101	167	194	162	161	165

1975*											
Jan.-March	161	206	57	119	163	104	159	176	164	164	165
Apr.-June	159	196	77	99	161	107	164	178	164	165	167
July-Sept.	158	171	171	49	172	103	161	182	165	166	166
Oct.-Dec.	163	207	68	66	174	106	162	199	170	168	168

# 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	
1973	122	121	123	119	111	123	120	154	127	127	121
1974*	129	143	128	126	114	121	122	160	144	147	128
1975*	121	147	117	127	112	92	96	154	125	147	120
1974*											
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
1975*											
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	145	115	113	106	181	143	172	127
May	127	151	123	129	112	107	104	162	133	153	121
June	110	143	103	119	109	91	64	135	126	140	116
July	77	67	79	74	115	48	79	97	75	68	112
Aug.	120	139	116	125	112	85	97	141	133	139	124
Sept.	123	157	116	135	118	95	88	147	131	156	118
Oct.	133	170	122	150	142	98	93	151	132	169	118
Nov.	127	160	120	134	120	90	100	160	130	159	123
Dec.	118	142	113	126	106	82	87	158	98	144	118



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un- employed 1 000 persons	Unemploy- ment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1972 = 100	Whole- sellers' volume index 1972 = 100
1973	3 442	2 215	2 164	51	2.3	35 123	110	111
1974	3 483	2 268	2 229	39	1.7	34 457	114	114
1975*	3 513	2 272	2 221	51	2.2	29 247	..	..

## 1975\*

Jan.	3 503	2 208	2 159	49	2.2	3 029	109	111
Feb.	3 505	2 194	2 146	48	2.2	3 899	106	111
March	3 507	2 191	2 144	47	2.1	4 535	114	121
April	3 509	2 199	2 151	48	2.2	3 799	124	128
May	3 511	2 238	2 199	40	1.8	2 646	119	121
June	3 513	2 445	2 400	45	1.8	2 381	116	108
July	3 514	2 448	2 400	48	2.0	934	120	107
Aug.	3 516	2 326	2 278	48	2.1	1 026	117	115
Sept.	3 517	2 257	2 208	49	2.2	1 272	..	..
Oct.	3 519	2 258	2 206	52	2.3	1 700	..	..
Nov.	3 520	2 250	2 189	61	2.7	1 884	..	..
Dec.	3 521	2 245	2 173	72	3.2	2 142		

## CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings- works under con- struction
	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	
	Million cubic metres										
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\*

July-Sept.	14.53	6.15	0.56	5.82	1.25	11.33	4.88	0.45	3.93	0.93	56.89
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
July-Sept.	12.21	4.84	0.79	4.72	1.13	10.95	4.45	0.85	3.73	1.29	54.64

# 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 114 534, motive power (1971) 5.7 mill. kW. Index of industrial production 114 for 1972 (1970 = 100).

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

MERCHANT FLEET (Dec. 31, 1975): Steamers 24 (13 300 gross reg. tons), motor vessels 365 (896 200 gross reg. tons) tankers 61 (1 138 600 gross reg. tons). Total 450 (2 048 100 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 (Feb. 10, 1976): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 10 Super Caravelles, 9 DC-9s, 3 DC-9-51s, 2 DC-10-30 and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

## FINANCE AND BANKING

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

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

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

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

# THE BALANCE OF PAYMENTS AND FOREIGN EXCHANGE POLICY IN 1975

by Esko Aurikko, Lic.Pol.Sc.,  
and Timo Hämäläinen, M.Pol.Sc.

Bank of Finland

## GENERAL DEVELOPMENTS

In 1975, the economies of the western industrialized countries were undergoing the deepest recession since the war. In the U.S.A. and Japan production increased in the second half of the year, but in Finland's main customer countries the recession continued. The deep recession and sharp decline in stocks were felt particularly strongly by the wood and paper industries, which provide a large proportion of Finnish exports. Hence, the volume of Finnish exports of goods fell by almost a fifth, even though destocking ceased towards the end of the year. On the other hand, continued high domestic investment and consumption demand meant that there was no decrease in imports. The trade balance therefore deteriorated sharply, despite a marked improvement in the terms of trade. Also, for the first time, net interest payments exceeded the surplus in the trade of services, and so the current balance worsened even more, to 7 900 million marks, more than 8 per cent of GDP.

International financial markets stabilized after the very restrictive monetary policies of 1974, and interest rates fell steeply, especially those for short-term loans. This, coupled with the weak investment demand in most countries, led to a marked improvement in the availability of long-term financing. So the bulk of the current deficit, 5 100 million marks was financed by net imports of long-term capital. Nevertheless, as a result of tight domestic monetary policy, imports of short-term capital continued at as high a level as in the previous year.

## EXPORTS

Total production declined by 2 per cent in those western countries most important for Finnish exports. The commodity structure of Finnish exports to the EEC-countries is highly concentrated on wood-based products, and therefore the adjustment of stocks to the levels commensurate with decreased activity had a dramatic effect on such exports. Norway and Sweden provided somewhat better export possibilities, but not for the traditional wood-based products. The most important factor in maintaining export demand was the need to reduce the imbalance in bilateral trade with the Soviet Union, caused by higher prices of energy imports. The excess capacity in industries normally producing for western trade was, to some extent, able to contribute to the continued growth in trade with the socialist countries, although the short-term substitution possibilities are limited.

Destocking in all phases in the product flow from producer to final consumer reduced imports by customer countries in the first half-year by more than the development of final demand itself would have implied. This was seen most clearly in the paper markets. Towards the end of the year, when stocks reached the desired lower level, exports slowly started to recover. However, the volume of exports of goods fell by 17 per cent, more than in any other industrialized country. On the other hand, although they fell towards the end of the year, export prices were 18 per cent higher than in 1974, so the reduction in export value was only 2 per cent. In the context of the 7 per cent reduction in market

countries' total import volume, it is clear that Finnish exports suffered a substantial loss of overall market shares. To make a meaningful comparison, however, we must take into account the considerable structural differences between Finland's total exports and her market countries' total imports. No considerable change in market shares is recorded if one applies the analysis to exports, commodity by commodity. This was clearly to be seen in the wood and paper markets, where the fall in demand was felt by all major producers.

The commodity structure of exports shifted somewhat towards metal and engineering products and away from the wood and paper industries. The volume of exports from the wood industry fell by a quarter, and the average price level was 10 per cent lower than in the previous year. However, building activity abroad recovered a little, and timber prices began to strengthen once again at the very end of the year. The volume of paper industry exports fell almost by a third. There had been sharp rises in paper prices during 1974, so the average price level in 1975 was up by one third, even though prices did start to fall as the year wore on. The volume of exports of metal and engineering products remained at the previous year's level, but higher prices increased export earnings by a fifth. Ships, oil-drilling platforms, and machinery made up the bulk of these exports. Other industrial products maintained their shares of total commodity exports. The textile and clothing industry performed well due to demand from Sweden, but losses were experienced by the chemical industry.

## IMPORTS

The sharp decline in exports led to a fall in domestic production in the second half of the year, and total production in 1975 was one per cent below that in 1974. However, domestic demand remained fairly strong, with industrial investment growing by 6 per cent and private consumption by 2 per cent. Imports increased rapidly at the beginning of the year, especially those of investment and consumption goods. In March, the Government introduced an import deposit scheme in order to curb excessive imports. By tightening the liquidity position of importers, this scheme caused some reduction, but it was primarily the weakening in domestic activity which stopped the volume growth of imports. Nevertheless, rising prices, mainly of finished goods, resulted in a 9 per cent increase in total import value.

The commodity structure of imports altered, in favour of finished investment and consumer goods. Lower industrial production reduced by 5 per cent the volume of imports of raw materials and semifinished goods. The imports of crude oil, included in raw materials, also decreased during the first three quarters, but new oil refining capacity increased the need for crude oil as from the end of the year. The prices of most raw materials drifted steadily downwards during the year, although that of crude oil increased during the last quarter. Nevertheless, the average price level of raw material imports was 8 per cent higher than in 1974.

### FOREIGN TRADE BY COUNTRIES, MILLION MARKS AND AS A PERCENTAGE OF TOTAL TRADE

Area	Exports, fob				Change 75/74	Imports, cif				Change 75/74
	1974		1975			1974		1975		
	Mill.mk	%	Mill.mk	%		Mill.mk	%	Mill.mk	%	
EEC	8 952	43.3	7 207	35.6	—19.5	9 394	36.6	10 330	36.9	10.0
EFTA	4 573	22.1	5 149	25.4	12.6	5 989	23.3	6 362	22.7	6.2
CMEA	3 564	17.2	4 903	24.2	37.6	5 745	22.4	5 878	21.0	2.3
Other	3 597	17.4	2 989	14.8	—16.9	4 538	17.7	5 404	19.4	19.1
Total	20 686	100.0	20 248	100.0	—2.1	25 666	100.0	27 974	100.0	9.0

Energy consumption diminished, due mainly to the recession in the highly energy-intensive wood-processing industry. The import value of fuels and lubricants fell by 15 per cent, but even then some imports merely went to increase stocks. The continuing high rate of growth of industrial investment, including energy investment, and big deliveries for the transport industry, mainly of ships, resulted in an import value of investment goods up by one third. Forest incomes had increased a lot in 1974, and this was reflected in purchases of agricultural and forest machinery in 1975. The import value of consumption goods increased by a fifth. At the top of the list were passenger cars and other consumer durables. In the second half of the year, tight domestic financing conditions, together with increasing unemployment and a temporary tax increase for passenger cars, stopped the growth of imports of consumer goods

The regional distribution of imports stabilized after the increase in 1974, due to oil price rises, in the share of CMEA countries. On the other hand, the export distribution changed to some extent. The slump in the markets for wood-based products considerably reduced

the share of the European Community, while the better performance of metal and engineering and other industrial products increased the shares of their main market areas, the EFTA and CMEA countries.

## CURRENT ACCOUNT

The major reason for the sharp increase in the trade deficit was the slack development of export volume compared with import volume. The terms of trade improved by 8 per cent, which is largely explained by the favourable price development for the products of the pulp and paper industries, as compared with imported raw materials. Price increases were roughly equal for exported metal, engineering, and other industrial products on the one hand, and for imported finished goods on the other. The trade deficit widened by more than a half, from 5 000 million marks in 1974 to 7 700 million marks in 1975, and only 72 per cent of imports c.i.f. were covered by exports f.o.b. If imports and exports are both valued on the f.o.b. basis, the trade deficit amounts to some 6 000 million marks. The deficit in trade with the CMEA countries was halved, from 2 200 million marks in 1974 to 1 000 million marks in 1975, following the self-balancing tendency of bilateral trade (see the table above and charts on page 10).

The growth rate of expenditure on services was not very much below the 20 per cent which has been usual in recent years, but receipts, which had previously grown at a similar rate, increased by only 7 per cent. This meant a decrease to some 1 300 million marks in the surplus on services. The receipts from transportation fell by 8 per cent with a reduction in the volume shipped. In spite of the substantial increase in the tonnage of the Finnish merchant fleet in recent years the transportation receipts from cross-trade were also depressed by the collapse in freight rates and the lack of demand. As, on the other hand, there was no change in the port fees and other expenditures paid by domestic

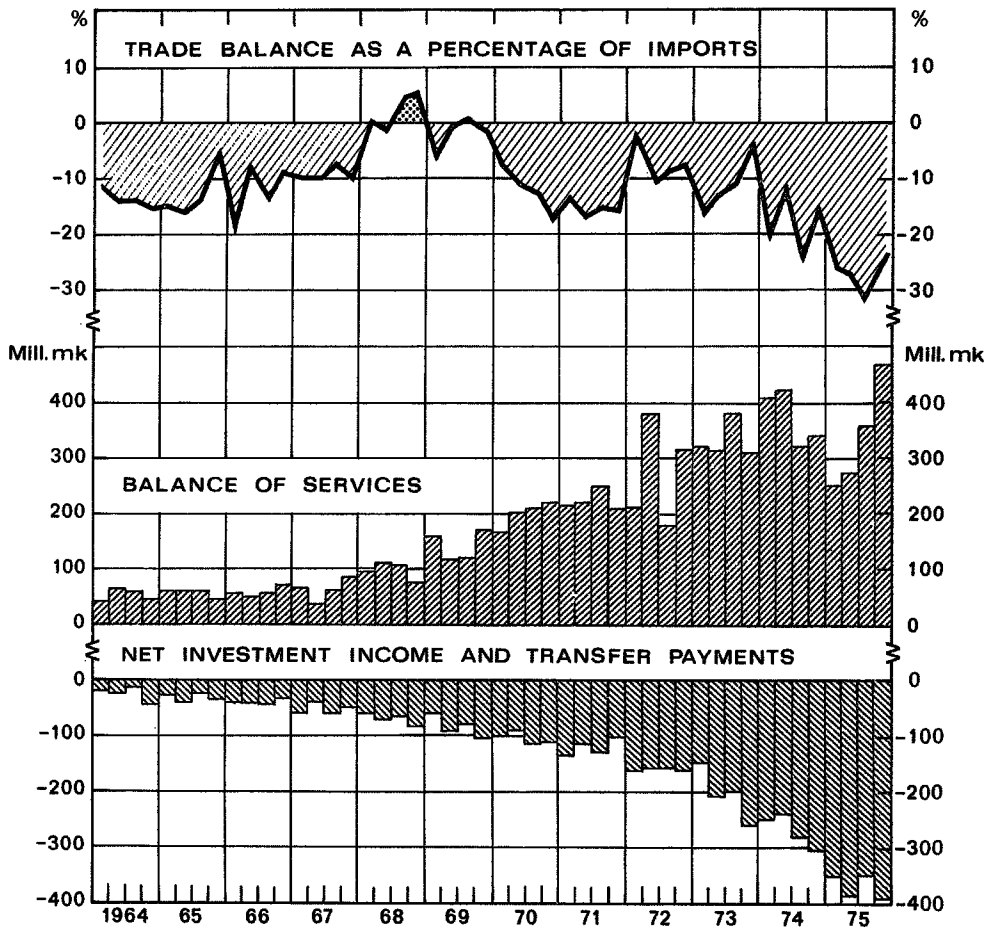
## BALANCE OF PAYMENTS, MILLION MARKS

	1973	1974	1975*
Exports, f.o.b.	14 525	20 605	20 183
Imports, c.i.f.	16 560	25 598	27 879
TRADE BALANCE	-2 035	-4 993	-7 696
Services, net	1 365	1 506	1 320
BALANCE OF GOODS AND SERVICES	-670	-3 487	-6 376
Investment income & transfer payments	-810	-1 075	-1 497
CURRENT ACCOUNT	-1 480	-4 562	-7 873
Long-term capital, net	412	947	5 122
BASIC BALANCE	-1 068	-3 615	-2 751
Short-term capital, net	284	2 140	2 004
OVERALL BALANCE	-784	-1 475	-747
Reserve movements (increase —):			
Other foreign exchange holders	+293	+736	+1 191
Bank of Finland	+491	+739	-444

\* Preliminary. Final figures will be available in July 1976. For details, see pp. 12-13.



**CHART 1. PRINCIPAL CURRENT ACCOUNT COMPONENTS, SEASONALLY ADJUSTED**

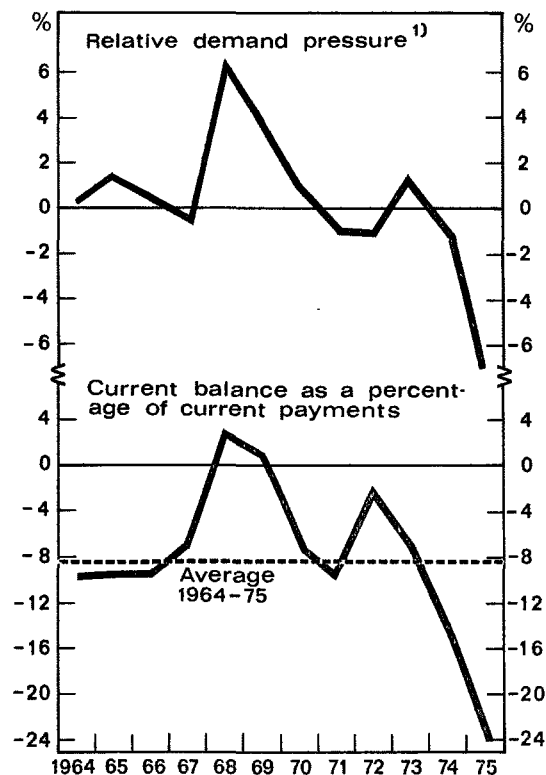


vessels, the net receipts from transportation decreased a little to 1 000 million marks. If imports are estimated on a f.o.b. basis, the transport account shows a deficit of some 700 million marks.

1975 was the second successive year with hardly any increase in travel receipts. In 1974 there had been no growth in travel expenditure either, but an increase by almost a third was recorded in 1975. Consequently the surplus on the travel account fell from 300 million marks to a mere 100 million marks. The turn-around in the travel account reflected the faster progress of both real and nominal incomes in Finland than elsewhere. The receipts and expenditures on other services make up a substantial part of the service

account, but have not in recent years had much affect on the net balance. The wages and other proceeds from construction and related activity abroad, mainly in the Soviet Union, minus the effect of similar of foreign activity in Finland, add some 200 million marks to the net service receipts.

With the growth of Finland's foreign debt, the investment income deficit last year came to 1 400 million marks, which is 1.5 per cent of GDP. The net outflow of transfer payments, about 100 million marks, increased the total deficit on invisible items, i.e. services, investment income and transfers, to a total of 200 million marks, compared with a surplus of 400 million marks in 1974. The current account deficit therefore totals 7 900 million



<sup>1</sup> Percentage deviation from the trend of the import volume of Finland's market countries minus the percentage deviation from the trend of Finland's GDP in 1950-1975

marks some 24 per cent of total current payments.

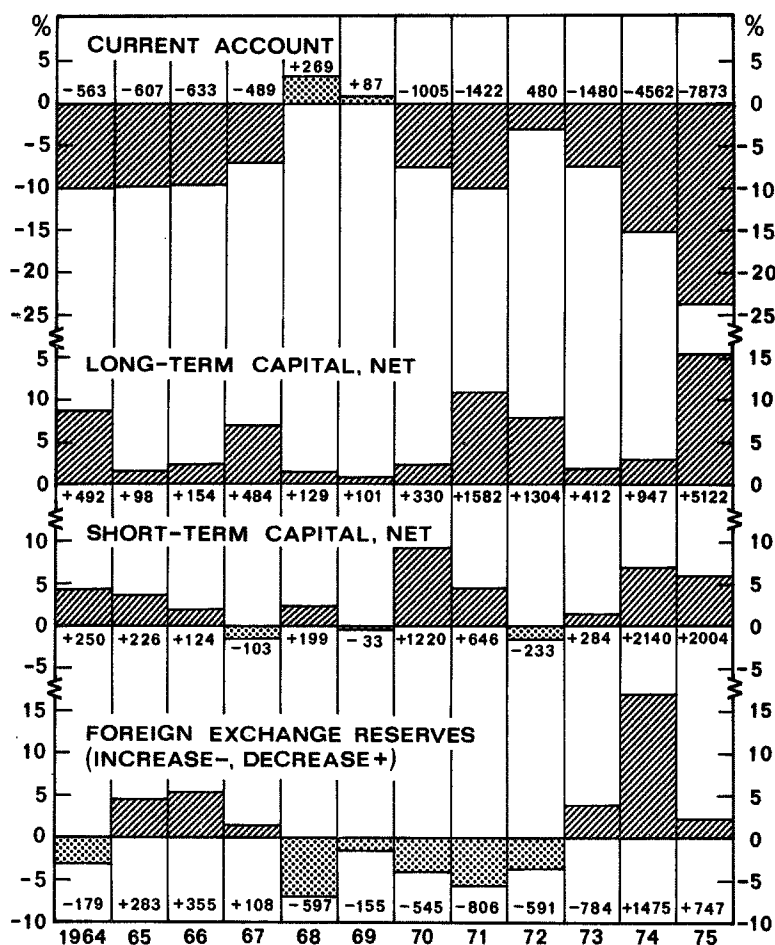
When analyzing the current deficit, one must emphasize the contribution of cyclical factors. Domestic demand pressure, measured as a percentage deviation from the long-term trend of GDP, stood at -2 per cent in 1975, while the corresponding foreign demand pressure, measured in terms of the volume of imports of Finland's main export markets was close to -10 per cent. The relative demand pressure, measured as the difference between foreign and domestic demand pressures, reached its positive extreme value in 1968, after the 1967 devaluation, and its negative extreme value in 1975. These years also contained the extremes of the current balance. Chart 2 suggests that the cyclical element in the current account, measured as a percentage of current payments, is approximately equal to twice the relative demand pressure.

The principal balance of payments components are shown in chart 3 as a percentage of current payments. Net imports of long-term capital increased to a record level, and two-thirds of the current deficit was financed thereby. Short-term foreign financing was used, in terms both of trade credit and of an increase in the net foreign liabilities of other foreign exchange holders, mainly commercial banks. On the other hand, the Bank of Finland's total reserves increased.

The supply of funds to international long-term capital markets was stimulated by falling interest rates and by the reversal, in favour of long-term loans, of the interest rate differential. Due to weak investment demand in the larger industrialized countries, there were greater possibilities for smaller borrowers to make use of these markets. On the other hand there was great willingness in Finland to raise foreign loans, due to high domestic investment demand and tightness in domestic financial markets. Net borrowing increased steadily during the first three quarters of 1975, and in October the Bank of Finland announced a more selective attitude towards imports of foreign capital, so as to slow down the growth of foreign indebtedness and to improve its control over domestic monetary expansion.

Drawing of long-term loans amounted to 6 700 million marks, two and a half times as much as in 1974, while amortizations hardly increased at all. The share of long-term import credit in new loans drawn was 24 per cent, a large part of which was due to ship and aircraft deliveries and other big investment projects. The net inflow of foreign long-term loans was about 5 300 million marks, raising the gross long-term foreign debt to 17 700 million marks, 18 per cent of GDP. The servicing costs ratio of long-term loans to current receipts was 10 per cent, showing an increase of only 1 percentage point since 1974.

**CHART 3. PRINCIPAL BALANCE OF PAYMENTS COMPONENTS  
AS A PERCENTAGE OF CURRENT PAYMENTS AND IN MILLIONS  
OF MARKS**



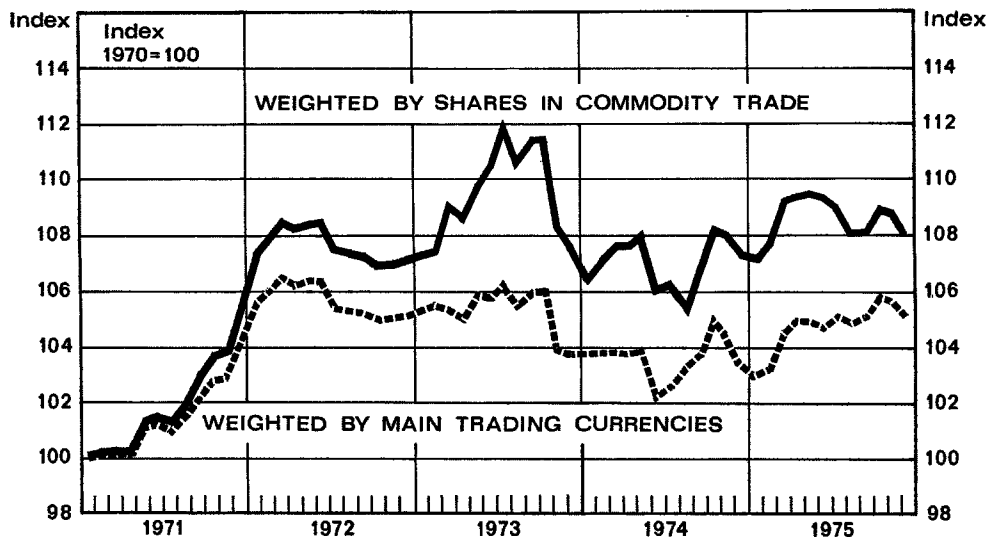
The net capital outflow in the form of long-term export credit remained at about 200 million marks. Direct investment in Finland increased last year, and clearly overtook Finnish investment abroad, causing a net capital inflow of 170 million marks. The long-term capital account showed a surplus of 5 100 million marks which, combined with 7 900 million marks current account deficit, produced a deficit of 2 800 million marks in the basic balance.

The tight financial situation kept net imports of short-term capital at the same high level, about 2 000 million marks, as in 1974. Pre-payments for future export deliveries to the

Soviet Union, delayed import payments partly due to the financing of import deposits, and the slowdown in the growth of export receivables all contributed to the net inflow of short-term capital, which was concentrated in the first part of the year.

The overall-balance deficit amounted to 747 million marks. The net foreign position of so-called other foreign exchange holders deteriorated by 1 191 million marks: the net liabilities of commercial banks grew by about 1 700 million marks while the net assets of central government and other financial institutions grew by almost 500 million marks. The Bank of Finland's total reserves increased

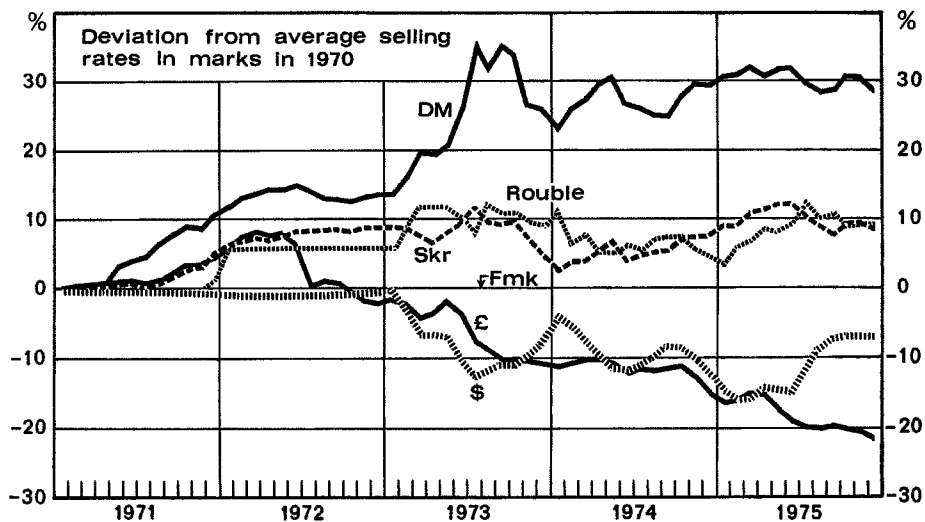
**CHART 4. DEVELOPMENT OF EXCHANGE RATE INDICES IN 1971—1975**



by 444 million marks. There was an improvement of 756 million marks in the tied-currency clearing accounts, but the Bank of Finland's

reserves in convertible currencies fell by 312 million marks, and amounted at the end of the year to 1 410 million marks.

**CHART 5. EXCHANGE RATE DEVELOPMENTS SINCE JANUARY 1971**



# ITEMS

## Inflow of long-term loan capital in 1975.

In the international capital markets, credit became easier to obtain and interest rates fell during 1975. In Finland, investment activity and the tightening of the domestic financial market increased the willingness to import long-term capital. At the end of the year, the long-term financial loans and import credits outstanding totalled 17 668 million marks, while the corresponding amount one year earlier had been 11 595 million marks. Drawings of new long-term financial loans and import credits totalled 6 729 million marks, which was 2.5 times as much as the total in 1974. Of these drawings, a total of 646 million marks was blocked in the Bank of Finland in the form of capital import deposits or other deposits. With redemptions totalling 1 445 million marks, there was a net increase of 5 284 million marks in total loans outstanding; the corresponding net change in the previous year had been 1 194 million marks. Changes in exchange rates caused a 789 million mark increase in the mark value of the total debt.

Of drawing of new long-term loans in 1975, financial loans accounted for 76 per cent (5 102 million marks), and import credits for

24 per cent (1 627 million marks). The net increases were 4 147 million marks in financial loans and 1 137 million marks in import credits. In the previous year, the corresponding net changes were 817 million marks and 377 million marks.

13 Finnish bond issues, together totalling 1 059 million marks, were floated abroad. In 1974 two bond issues, together totalling 65 million marks, had been issued. Of the 1975 bond issues, four were denominated in U.S. dollars (Imatran Voima Oy: \$25 million; the Mortgage Bank of Finland Ltd: \$20 million; Finnish Export Credit Ltd: \$15 million; and Enso-Gutzeit Oy: \$20 million), two in Swiss francs (the Industrialization Fund of Finland Ltd: 40 million Sfr; and the Mortgage Bank of Finland Ltd: 30 million Sfr), three in EUAs (the Industrial Mortgage Bank of Finland Ltd: 15 million EUA; Imatran Voima Oy: 20 million EUA; and the City of Helsinki: 18 million EUA), two in Kuwait dinars (Teollisuuden Voima Oy: 6 million KD; and Pekema Oy: 7 million KD), one DM loan (the Industrial Mortgage Bank of Finland Ltd: DM 80 million), and one yen loan (the Central Government: 10 000 million yen).

## FINLAND'S LONG-TERM FOREIGN BORROWING IN 1975 MILL.MK

	Debt <sup>1</sup> Dec. 31, 1974	Draw- ings <sup>2</sup> 1975	Re- demp- tions <sup>3</sup> 1975	Net change 1975	Impact of ex- change rates 1975	Debt <sup>4</sup> Dec. 31, 1975
Financial loans	9 497	5 102	955	4 147	+651	14 295
Individual financial loans	5 066	3 230	638	2 592	+165	7 823
Granted by foreign governments	161	—	38	—38	—21	102
Bonds and debentures	4 431	1 872	317	1 555	+486	6 472
Bond issues	2 561	1 059	227	832	+311	3 704
Private placement loans	1 396	779	4	775	+143	2 314
Loans from the World Bank	474	34	86	—52	+32	454
Import Credits	2 098	1 627	490	1 137	+138	3 373
Total	11 595	6 729	1 445	5 284	+789	17 668

<sup>1</sup> The debt outstanding on December 31, 1974, is the cumulated value of the net changes of previous years, quoted on a monthly basis.

<sup>2</sup> Drawings and redemptions have been calculated by using the average monthly selling rates.

<sup>3</sup> The impact of Exchange Rates figure shows the effect of exchange rate fluctuations on the market value of total debt outstanding.

<sup>4</sup> The debt outstanding on December 31, 1975, has been calculated by using the exchange rates of that date.

Last year debt service costs on long-term loans amounted to 2 577 million marks, which was 13 per cent more than in the previous year. The rise in debt service costs was caused by an increase of 35 per cent in interest expenses from the previous year: in 1975 these totalled 1 132 million marks. The ratio of total debt service costs on long-term loans to total current account earnings rose by about one percentage point from the previous year, from 9 per cent to about 10 per cent.

**The Bank of Finland investment inquiry of December 1975.** According to the investment inquiry conducted by the Bank of Finland in December 1975, the volume of industrial investment this year will be substantially smaller than it was in 1975. However, industrial investment last year reached its post-war record level, both in volume terms and as a percentage of total fixed investment, so, in spite of the predicted decline, the level of investment this year will still be relatively high.

Since the inquiry of June 1975, the industrial sector has sharply reduced or postponed many investment projects scheduled for this year. According to current plans, the volume of total investment will decline by more than ten per cent this year, while there was an increase of eight per cent in 1975.

Of the various industrial branches, the fastest decline in investment will be experienced by the metal and the forest industries, in which a two-year period of very vigorous investment is now coming to an end. Of other branches of manufacturing, investment in the chemical and the building material industries is expected to decline particularly

The growth of industrial investment in 1975 was almost entirely attributable to the activities of state-owned companies. During the current year, however, state-owned companies will experience the sharpest decline in investment, since they have now completed their extensive expansion projects in the forest, basic metal and oil-refining industries.

**TABLE 1. ANNUAL CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1974 AND 1975, AND PLANNED CHANGES FOR 1976, PER CENT**

Type of investment	1974	1975	1976
Building investment	+30	+1	—34
Investment in machinery and equipment	+9	+12	—19
Total	+16	+8	—25

**TABLE 2. THE VALUE OF INDUSTRIAL FIXED INVESTMENT IN 1974 AND 1975, AND PLANNED FOR 1976, MILL.MK**

Type of investment	1974	1975	1976
Building investment	2 981	3 443	2 474
Investment in machinery and equipment	4 618	6 134	5 473
Total	7 599	9 577	7 947

**TABLE 3. ANNUAL CHANGES IN THE VOLUME OF FIXED INVESTMENT IN MANUFACTURING, AND ELECTRICITY, GAS AND WATER, IN 1974 AND 1975, AND PLANNED CHANGES FOR 1976, PER CENT**

Industrial branch	1974	1975	1976
Forest industries	+35	+14	—24
Metal industry	+54	+20	—31
Other manufacturing	+6	—13	—20
Total manufacturing	+25	+5	—25
Electricity, gas and water	—2	+19	—16

**TABLE 4. THE VALUE OF FIXED INVESTMENT IN MANUFACTURING, AND ELECTRICITY, GAS AND WATER, IN 1974 AND 1975, AND PLANNED FOR 1976, MILL.MK**

Industrial branch	1974	1975	1976
Forest industries	1 985	2 642	2 179
Metal Industry	1 697	2 370	1 791
Other manufacturing	2 451	2 481	2 178
Total manufacturing	6 133	7 493	6 148
Electricity, gas and water	1 334	1 853	1 703

During the current year, it seems that industrial investment activities will be concentrated on the completion of investment projects started during the previous boom and on the replacement of old machinery. Accordingly, building investment will decline more sharply than purchases of machinery and equipment.

During the first half of 1976, the average rate of capacity utilization in industry will be lower than ever before in the 1970s. The data

on capacity utilization show that the metal industry has survived the recession exceptionally well; its rate of capacity utilization was reduced relatively little during the past year, and it is expected that there will be only a small fall during the current year. The forest industries have suffered the most from the recession. However, it is estimated that the rate of capacity utilization will rise in the paper industry during the first half of this year, while the output of the timber industry is expected to pick up during the second half. Firms in other branches of manufacturing are also expecting their rate of capacity utilization to rise slightly in the second half of the year.

**The International Monetary Fund decision on Finland's second oil facility purchase.**

On March 31, 1976 the International Monetary Fund agreed to a purchase by Finland of 115.11 million special drawing rights (about 510 million marks) under the Fund's 1975 Oil Facility. It is Finland's second pur-

chase under this system; the first one, of 71.25 million SDRs (about 315 million marks), was made in June 1975.

**The new 5 mark bank-note.** On April 1, 1976, the Bank of Finland issued a new 5 mark note. The new note is similar in appearance to the one that it replaces, being of the same »Litt. A» series, 1963 type, but it is of a somewhat darker blue and has, as a watermark, a pattern representing springs of fir.

The note is printed on a new, one-use type of paper, developed jointly by the Bank of Finland note printing works and its paper mill. Each note will only be put into circulation once: on being returned to the Bank, it will be destroyed, and fresh notes will be sent out as necessary. This is considered to be the most economical method of dealing with small-denomination notes.







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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

Markku Puntila

Seppo Lindblom

Eino Helenius

Pentti Koivikko

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## Senior officials

Pertti Kukkonen

*Director, ADP-planning*

Heikki T. Hämäläinen

*Administration and Legal Affairs*

Pauli Kanerva

*Personnel Administration and  
General Affairs*

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 Contro*

Kari Puumanen

*Economics Dept.*

Heikki Koskenkylä

*Research Dept.*

Antti Luukka

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign Correspondence*

Stig G Björklund

*Banking Services*

Eino Suomela

*Internal Audit*

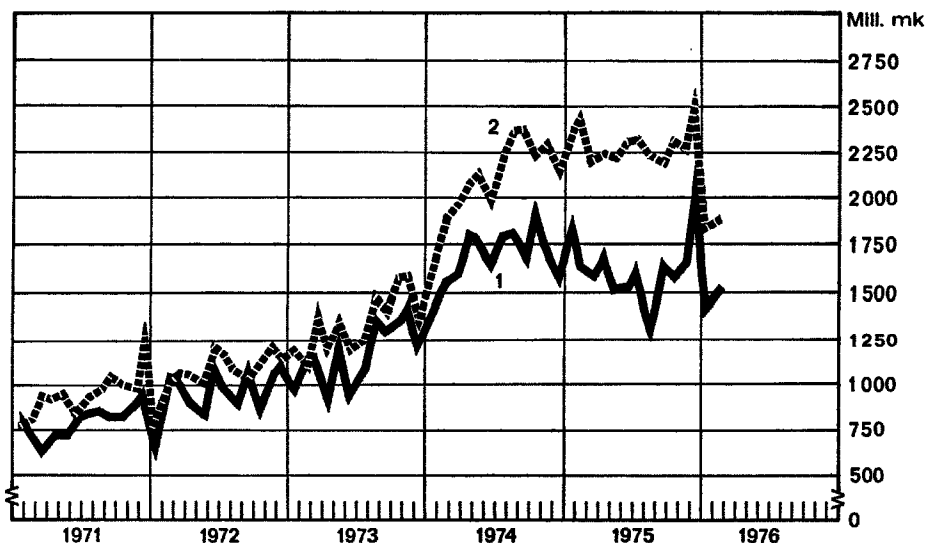
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# FOREIGN TRADE, 1971-1976

1. Exports f.o.b.

2. Imports c.i.f.

Seasonally adjusted monthly figures

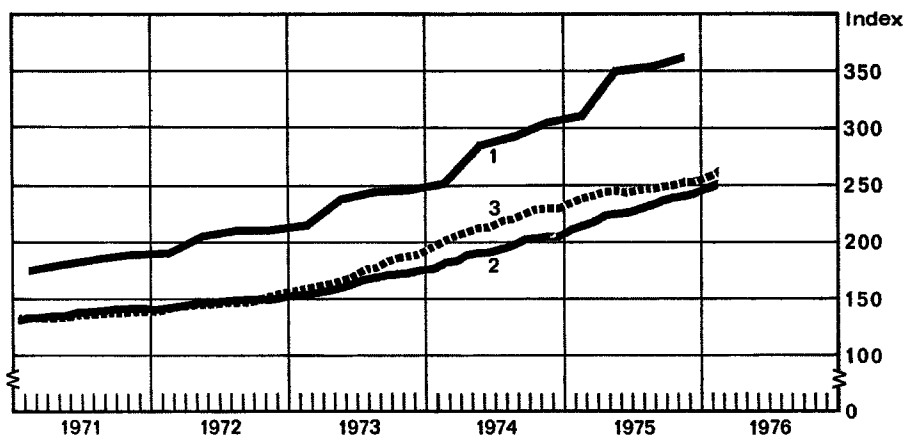


# PRICES AND WAGES, 1971-1976

1. Index of salary and wage earnings 1964 = 100, quarterly

2. Cost of living index 1964 = 100, monthly

3. Wholesale price index 1964 = 100, monthly



# PRODUCTION, 1971-1976

1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures

2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

