



BANK OF FINLAND

MONTHLY BULLETIN

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MAY

1966

RECENT DEVELOPMENTS

HOUSING POLICY

During this decade the average annual production of residential building in Finland has been around 37 000 dwellings. This figure is markedly smaller than the target set for house production. To achieve this goal, an average of 50 000 dwellings should be built annually during the period 1967—1976. New legislation on house production is directed towards attaining this target.

Two new acts constitute the basis for government measures regarding residential building. The Act setting up a National Housing Board aims at increased effectiveness in the planning and executing of house building by means of organizational rearrangements. The purpose of the new Housing Act is to ease the financing of house building by increasing and improving government support.

The most important tasks of the National Housing Board are to prepare an overall programme for house production in the whole country, to supervise housebuilding activity not enjoying government support, and, above all, to handle all matters relating to government support of house production. The State Housing Board ARAVA will be discontinued and its functions will be transferred to the National Housing Board.

In accordance with the new Housing Act, government support for residential building can be of three kinds. Firstly, the State grants direct loans for financing house building, secondly it guarantees loans granted for this purpose or pays subsidies for interest on these loans. Thirdly, the State grants appropriations for research on house production.

According to the law, direct loans will be granted for building apartment houses, houses owned by housing co-operatives, and owner-occupied small houses, and as personal loans for acquiring owner-occupied apartments. Thus under the new system, instead of loans granted to housing companies by ARAVA, personal loans will be given to shareholders. In conformity with the new legislation, housing companies may still, however, receive state loans for the period of building. The size of dwellings for which state loans can be granted may not exceed 120 square metres, while according to the ARAVA regulations it could not be more than 100 square metres.

The loans granted for house production can be so-called housing loans, additional loans, or first loans. Housing loans, which correspond to the old ARAVA loans, can be

On page 18, Finland's Foreign Trade in 1965

granted for up to 40 per cent of the price of an owner-occupied dwelling. Housing companies are also eligible to receive such loans for the construction period. For apartment houses and houses owned by housing co-operatives the limit is 60 per cent of the price. For an owner-occupied dwelling an additional loan of up to 25 per cent of the price may be granted if the financial situation of the family necessitates it. Both the housing loans and the additional loans belong to second loans. The terms of the first loans, which will be granted to housing co-operatives and to the builders of apartment houses, are the same as those of the loans available in the capital market. The loans may cover up to 30 per cent of the price, and they are intended to ease the financing of housing co-operatives and apartment houses, which in general find some difficulty in obtaining credit in the capital market.

These loans are to be refunded within 45 years in the case of apartment houses and housing co-operatives, and within 25 years in the case of owner-occupied dwellings. This means a shortening of the loan period for the latter group in comparison with the regulations of ARAVA. Capital will thus be released more quickly for new building activity than it was previously. Additional loans fall due within 15 years and loans granted for the construction period within 3 years. The rate of interest will be 1 per cent on the loans of housing co-operatives and apartment houses for the first 5 years, and then 3 per cent per annum. The interest rate on the loans for owner-occupied dwellings and on the loans granted for the construction period is 3 per cent. The law also provides a rise in the interest rates on older ARAVA loans, and in addition, the Cabinet has the right to increase the interest rate on loans granted

according to the new Act to bring the rents in earlier-built houses in line with the rents in houses built more recently. The additional loan is free of interest for the first 8 years, and after that the same rate of interest is charged on it as on the housing loan granted simultaneously. As regards first loans, the same rate of interest is charged as the usual one on first mortgage loans granted for the same purpose.

Besides granting direct loans the State will support house production by guaranteeing housing loans the terms of which have been accepted by the National Housing Board. To prevent the rate of interest on these loans from exceeding that on government loans, the financial institutions may be credited with the difference between the normal lending rate of interest and the rate charged on house building loans. Similarly, if index compensations or additional interest have to be collected, these will be paid by the government.

Efforts have been made to prevent speculation in dwellings acquired by the aid of advantageous state loans. A dwelling that enjoys a loan or a guarantee, or interest subsidies as provided by the new Housing Act, can be sold only with the permission of the National Housing Board and on terms accepted by it. Owner-occupied small houses and apartments may not change hands until the loan has been fully refunded, or for at least 20 years after the loan has been granted.

The law provides an annual appropriation of 150 million marks in the budget for government support of house production and for research on it. Furthermore, all funds previously used for supporting house production and subsequently released are to be re-appropriated for carrying out the provisions of the new Housing Act.

April 28, 1966

BANK OF FINLAND

Mill. mk

	1965		1966			
	Dec. 31	March 31	March 31	April 7	April 15	April 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	944.7	973.8	903.6	894.9	892.8	873.5
Gold	267.5	189.7	184.4	184.4	177.2	177.2
IMF gold tranche	45.6	—	100.0	100.0	100.0	100.0
Foreign exchange	547.8	715.1	535.5	522.7	526.3	505.9
Foreign bills	54.7	22.4	54.6	58.7	60.2	61.3
Foreign bonds	29.1	46.6	29.1	29.1	29.1	29.1
<i>Supplementary note cover</i>	712.1	525.9	641.0	678.7	647.5	725.1
Inland bills discounted						
In foreign currency	45.5	54.2	45.5	45.5	44.7	43.7
In Finnish currency	26.0	40.0	40.9	44.1	47.4	45.1
Rediscounted bills	640.6	431.7	554.6	589.1	555.4	636.3
<i>Other assets</i>	119.5	118.5	236.6	231.0	238.7	193.9
Finnish bonds	36.9	22.1	119.0	107.0	114.6	69.1
Cheque accounts	1.9	25.4	3.6	9.6	3.1	3.0
Finnish coin	6.2	6.4	9.5	9.0	9.5	9.8
Other claims	74.5	64.6	104.5	105.4	111.5	112.0
Total	1 776.3	1 618.2	1 781.2	1 804.6	1 779.0	1 792.5
Liabilities						
<i>Notes in circulation</i>	1 028.5	921.3	946.8	969.6	944.3	946.2
<i>Liabilities payable on demand</i>	98.3	161.6	112.1	111.6	107.7	137.3
Foreign exchange accounts	44.8	102.0	41.4	42.5	38.0	39.1
Mark accounts of holders abroad	10.9	15.7	25.0	25.0	24.8	24.6
Cheque accounts						
Treasury	1.1	—	0.5	—	1.3	6.6
Post Office Savings Bank	8.3	0.6	1.1	0.3	12.5	34.7
Private banks	11.9	19.5	21.5	21.9	5.2	8.6
Other	1.2	0.8	2.0	1.6	2.0	1.7
Other sight liabilities	20.1	23.0	20.6	20.3	23.9	22.0
<i>Term liabilities</i>	57.2	65.9	82.2	80.8	79.1	79.1
Foreign	45.6	54.3	45.6	45.6	43.9	43.9
Finnish	11.6	11.6	36.6	35.2	35.2	35.2
<i>Equalization accounts</i>	165.1	251.5	205.4	207.2	211.6	192.7
<i>Bank's own funds</i>	427.2	217.9	434.7	435.4	436.3	437.2
Capital	300.0	100.0	300.0	300.0	300.0	300.0
Reserve fund	97.9	97.9	112.6	112.6	112.6	112.6
Profits undisposed	—	13.2	14.7	14.7	14.7	14.7
Earnings less expenses	29.3	6.8	7.4	8.1	9.0	9.9
Total	1 776.3	1 618.2	1 781.2	1 804.6	1 779.0	1 792.5
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	944.7	973.8	903.6	894.9	892.8	873.5
<i>Supplementary cover</i> (Upper limit 500 mill. mk)	500.0	500.0	500.0	500.0	500.0	500.0
Total	1 444.7	1 473.8	1 403.6	1 394.9	1 392.8	1 373.5
Note issue						
<i>Notes in circulation</i>	1 028.5	921.3	946.8	969.6	944.3	946.2
<i>Liabilities payable on demand</i>	98.3	161.6	112.1	111.6	107.7	137.3
<i>Undrawn on cheque credits</i>	5.1	3.8	3.5	4.4	3.9	4.1
<i>Unused right of note issue</i>	312.8	387.1	341.2	309.3	336.9	285.9
Total	1 444.7	1 473.8	1 403.6	1 394.9	1 392.8	1 373.5

Rediscount rate since April 28, 1962, 7 per cent.

BANK OF FINLAND

Mill. mk

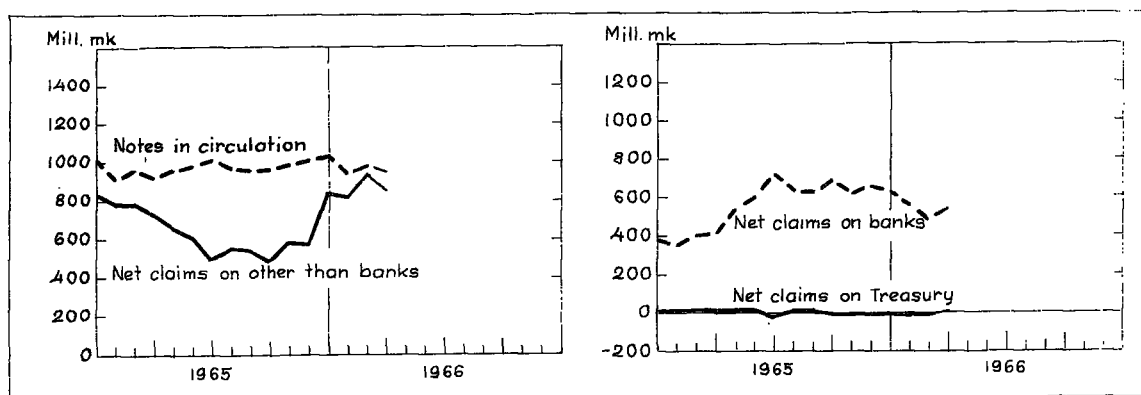
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1958	575.6	21.8	553.8	126.2	160.1	519.9	90.3	— 51.6	71.5	— 32.8
1959	730.7	21.2	709.5	92.5	158.4	643.6	103.3	37.6	64.2	76.7
1960	686.0	40.6	645.4	67.0	142.7	569.7	37.5	32.4	61.9	8.0
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	— 1.1	1.1	— 2.2
1965										
March	904.8	102.0	802.8	69.0	70.0	801.8	—	8.9	—	8.9
April	866.8	94.6	772.2	70.6	67.9	774.9	—	8.9	1.6	7.3
May	776.5	74.4	702.1	67.5	65.9	703.7	—	8.9	—	8.9
June	688.9	55.8	633.1	86.9	64.3	655.7	—	8.9	28.9	— 20.0
July	697.3	39.1	658.2	83.4	64.7	676.9	—	8.9	1.4	7.5
Aug.	710.2	70.9	639.3	82.2	64.0	657.5	—	8.9	6.1	2.8
Sept.	663.8	69.6	594.2	78.9	61.6	611.5	—	8.9	15.1	— 6.2
Oct.	770.9	85.5	685.4	78.6	60.8	703.2	—	8.9	11.6	— 2.7
Nov.	756.4	97.2	659.2	78.3	60.1	677.4	—	— 1.1	1.2	— 2.3
Dec.	860.9	44.8	816.1	83.8	56.5	843.4	—	— 1.1	1.1	— 2.2
1966										
Jan.	861.5	42.3	819.2	82.6	56.3	845.5	—	— 1.1	1.6	— 2.7
Feb.	914.2	39.8	874.4	81.8	52.8	903.4	—	— 1.1	2.5	— 3.6
March	819.9	41.4	778.5	83.7	70.6	791.6	16.5	— 1.1	0.5	14.9

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1965			Net holdings, March 31, 1966			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	March	Jan.—Mar.
Gold	267	—	267	184	—	184	—83	—83
Convertible currencies	483	—155	328	423	—154	269	—43	—59
Other currencies	20	1	21	71	5	76	—21	+55
IMF gold tranche	46	—	46	100	—	100	+54	+54
Total	816	—154	662	778	—149	629	—93	—33

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks	Post Office Savings Bank	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1958	187.1	14.7	—	20.8	151.6	88.2	143.0	5.3	225.9	650.8
1959	47.2	38.6	—	2.5	6.1	38.9	105.0	3.9	140.0	694.4
1960	205.1	16.8	—	1.6	186.7	72.3	109.5	3.5	178.3	727.4
1961	294.6	44.7 ¹⁾	4.4 ¹⁾	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1965										
March	431.7	19.5	0.6	2.0	409.6	40.0	134.2	32.3	141.9	921.3
April	548.5	0.8	19.3	1.4	527.0	23.6	125.0	31.9	116.7	958.1
May	596.8	— 0.8	0.8	1.1	595.7	11.8	141.6	32.2	121.2	983.7
June	776.8	10.0	41.6	2.1	723.1	7.6	134.6	32.6	109.6	1 010.3
July	646.1	4.4	10.7	2.2	628.8	9.5	138.5	32.6	115.4	965.5
Aug.	644.7	1.2	7.0	2.7	633.8	7.0	137.3	31.5	112.8	957.5
Sept.	700.7	0.2	8.3	2.1	690.1	16.6	137.0	34.0	119.6	962.9
Oct.	641.2	2.0	21.8	0.1	617.3	29.8	119.4	32.2	117.0	980.2
Nov.	657.7	3.6	5.9	0.0	648.2	34.5	135.3	32.5	137.3	1 001.8
Dec.	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966										
Jan.	569.7	12.1	3.9	1.2	552.5	24.8	136.5	59.4	101.9	943.1
Feb.	484.6	7.7	3.2	1.5	472.2	41.6	131.3	61.4	111.5	968.4
March	554.6	21.5	1.1	1.2	530.8	40.9	137.1	56.9	121.1	946.8

¹⁾ Including cash reserve accounts.

DEPOSITS BY THE PUBLIC - FOREIGN EXCHANGE RATES

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. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1955	365.9	442.8	118.5	977.9	1 085.4	611.4	330.7	152.6	3 158.4	3 719.7
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 798.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965*	665.7	849.5	309.4	3 160.1	2 959.0	1 953.6	773.2	357.2	9 203.3	10 362.2
1965*										
March	680.4	837.5	320.1	2 917.3	2 756.0	1 800.1	744.5	344.9	8 562.9	9 720.5
April	629.5	783.0	294.8	2 936.0	2 760.1	1 815.0	739.6	343.5	8 594.4	9 672.2
May	678.6	853.8	296.0	2 959.6	2 765.6	1 831.7	732.2	341.9	8 631.2	9 781.0
June	661.7	823.9	279.2	2 954.1	2 733.2	1 811.8	726.4	339.1	8 564.8	9 667.9
July	646.7	803.4	247.5	2 979.8	2 750.6	1 803.2	731.1	338.5	8 620.9	9 671.8
Aug.	695.1	866.7	239.6	2 980.9	2 767.5	1 832.6	728.5	337.9	8 647.4	9 753.7
Sept.	688.3	866.7	248.9	2 987.9	2 790.6	1 852.5	732.7	343.4	8 707.2	9 822.8
Oct.	598.7	766.8	232.8	2 992.2	2 809.2	1 860.0	735.4	347.7	8 744.5	9 744.1
Nov.	674.2	852.0	266.6	3 017.2	2 858.6	1 887.2	743.4	351.3	8 857.8	9 976.4
Dec.	665.7	849.5	309.4	3 160.1	2 959.0	1 953.6	773.2	357.2	9 203.3	10 362.2
1966*										
Jan.	652.2	813.8	305.1	3 181.5	2 990.0	1 989.7	787.7	360.2	9 309.3	10 428.2
Feb.	642.8	800.9	356.6	3 144.3	3 039.3	2 038.7	798.4	364.8	9 485.7	10 643.2
March	597.5	765.1	271.1	3 273.5	3 073.2	2 067.9	808.1	368.3	9 591.1	10 627.3

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1965*			
June	1 454.9	73.8	654.4
July	1 473.8	72.3	664.8
Aug.	1 492.4	70.1	674.5
Sept.	1 489.1	77.9	690.2
Oct.	1 506.4	78.5	700.8
Nov.	1 535.1	78.4	703.1
Dec.	1 594.7	75.7	708.0
1966*			
Jan.	1 648.9	68.5	729.8
Feb.	1 677.7	69.3	755.9
March	1 696.3	67.0	785.2

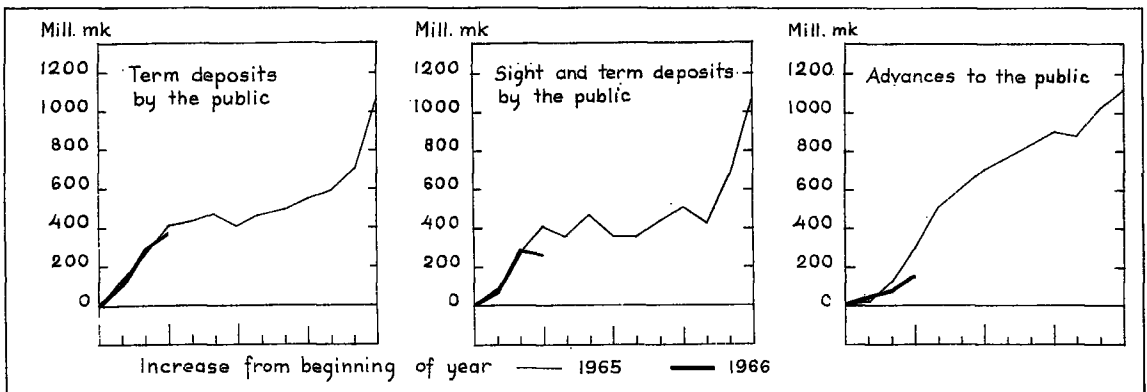
Selling rates for foreign exchange			
April 25, 1966			
		mk	mk
New York ...	1 \$	3.224	Zurich 100 Fr 74.62
Montreal	1 \$	2.995	Paris 100 FF 65.80
London	1 £	9.010	Rome 100 Lit 0.5163
Stockholm ...	100 Kr	62.55	Vienna 100 S 12.49
Oslo	100 Kr	45.10	Lisbon 100 Esc 11.24
Copenhagen ..	100 Kr	46.73	Reykjavik 100 Kr 7.50
Frankfurt o.M.	100DM	80.36	Madrid 100 Pta 5.42
Amsterdam ...	100 Fl	88.76	Moscow, clear. ¹⁾ 1 Rbl 3.5667
Brussels	100 Fr	6.467	Clearing dollars ²⁾ 1 Cl \$ 3.21

¹⁾ Bucharest, Peking.²⁾ Athens, Berlin, Bogota, Budapest, Prague, Sofia, Warsaw.

ADVANCES TO THE PUBLIC - MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1955	1 554.4	964.5	248.7	728.7	136.0	3 398.0	234.3	3 632.3	1 043.0
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965*	4 279.6	2 607.4	716.5	2 347.1	899.4	10 437.4	412.6	10 850.0	2 087.4
1965*									
March	4 049.1	2 379.6	633.0	2 128.6	838.0	9 594.4	433.9	10 028.3	1 996.6
April	4 187.6	2 396.9	637.0	2 170.2	843.0	9 786.3	448.4	10 234.7	1 947.9
May	4 196.4	2 433.6	647.6	2 208.7	850.4	9 917.8	418.9	10 336.7	2 039.1
June	4 234.0	2 448.2	655.5	2 240.9	862.8	9 994.7	446.7	10 441.4	2 023.9
July	4 202.3	2 473.6	681.0	2 270.7	868.0	10 066.1	429.5	10 495.6	1 946.9
Aug.	4 210.8	2 492.5	689.2	2 302.2	871.7	10 120.3	446.1	10 566.4	1 990.0
Sept.	4 184.9	2 547.9	697.3	2 323.4	876.2	10 186.7	443.0	10 629.7	1 999.5
Oct.	4 160.1	2 584.3	713.8	2 261.7	893.2	10 140.8	472.3	10 613.1	1 909.0
Nov.	4 215.5	2 608.6	714.0	2 304.1	913.3	10 334.0	421.5	10 755.5	2 043.8
Dec.	4 279.6	2 607.4	716.5	2 347.1	899.4	10 437.4	412.6	10 850.0	2 087.4
1966*									
Jan.	4 293.6	2 613.2	715.3	2 361.7	903.3	10 462.9	424.2	10 887.1	2 002.6
Feb.	4 310.7	2 630.2	721.6	2 376.4	900.3	10 486.8	452.7	10 939.5	2 079.3
March	4 345.7	2 643.8	731.0	2 389.9	897.5	10 541.0	466.9	11 007.9	1 934.9

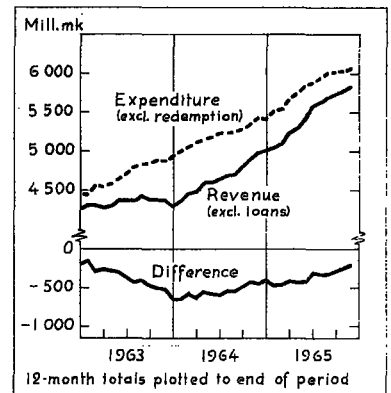


STATE FINANCES

Mill. mk

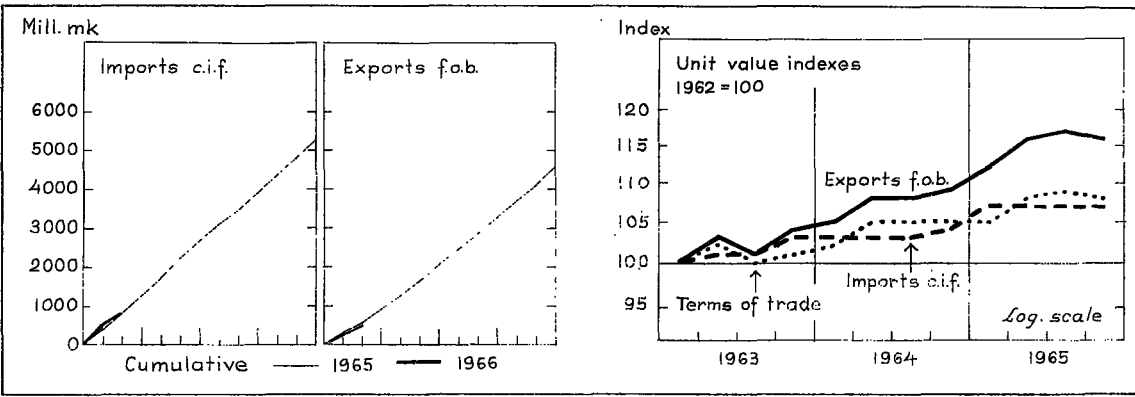
Revenue	January		Expenditure	January	
	1965	1966		1965	1966
Income and property tax (net)	45	18	Interest on State debt	31	33
Gross receipts	(215)	(238)	Child allowances	1	0
Refunds and communal income tax	-170)	(-220)	The State's share in national pensions	21	21
Other direct taxes	1	2	Compensations to war-disabled	14	15
Sales tax	86	85	Subsidies	52	44
Import duties	33	40	Net payments on price equalization by extra-budgetary funds	—	1
Revenue from Alcohol Monopoly	18	21	State aid to agriculture	3	4
Excise duty on tobacco	25	27	State aid to communal and private schools	35	22
Excise duty on liquid fuel	23	31	Net loss of State enterprises	15	9
Other excise duties	6	8	Maintenance of roads	8	9
Tax on automobiles and motor cycles	12	9	Other current expenditure	145	180
Purchase tax on motor vehicles .....	..	0	Current expenditure	325	338
Stamp duties	13	14	Real investments	85	72
Employers' payments for child allow- ances	33	36	Other capital expenditure	52	35
Net receipts of price equalization by extra-budgetary funds	5	—	Capital expenditure	137	107
Other revenue similar to taxes	5	7	Total expenditure	462	445
Total taxes	305	298	Redemption of external loans	3	9
Interest and dividends	6	7	Redemption of internal loans	67	96
Other current revenue	14	9	Redemption of indemnity bonds etc.	—	0
Current revenue	325	314	Index premiums ..	..	7
Capital revenue proper	14	16	Redemptions	70	112
Decrease in inventories	5	16	Total	532	557
Capital revenue	19	32			
Total revenue	344	346			
External loans	5	4			
Internal loans	58	51			
Loans	63	55			
Short-term credit (increase +) ..	—5	+4			
Deficit (+) or surplus (—)	+130	+152			
Total	532	557			

Debt	1963	1964	1965	1966		
	Dec.	Dec.	Dec.*	Jan.	Feb.*	March*
External debt ...	963	1 184	1 177	1 172	1 186	1 339
Ordinary loans ...	1 109	1 205	1 433	1 388	1 436	1 446
Indemnity bonds etc.	11	7	203	203	193	183
Short-term credit ..	160	325	393	397	364	..
Cash debt (net) ...	78	23	..	61	..	..
Internal debt ...	1 358	1 560	..	2 049	..	..
Total debt	2 321	2 744	..	3 221	..	..
Total debt, mill. \$	720.8	852.8	..	999.3	..	..



FOREIGN TRADE

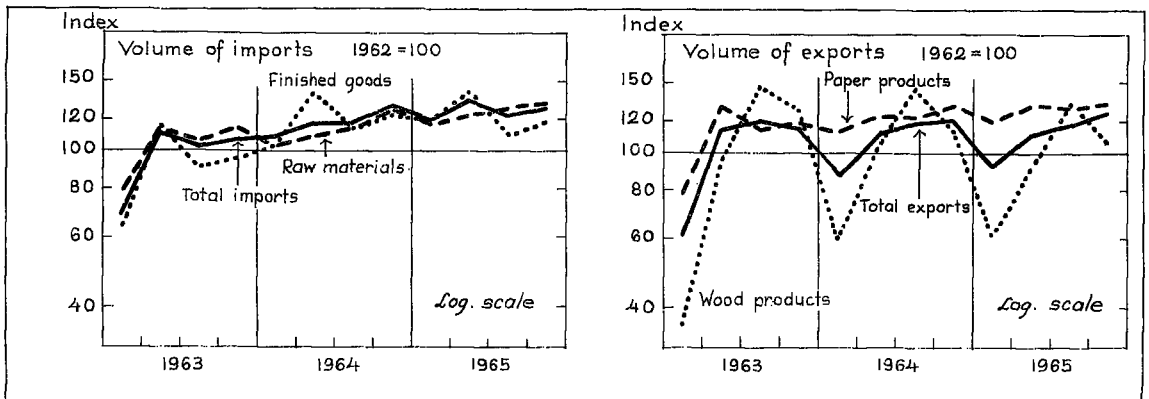
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1961	3 690.2	3 374.0	-316.2	102	99	103	104	100	99	103
1962	3 928.7	3 533.1	-395.6	100	100	100	100	100	100	100
1963	3 866.9	3 678.0	-188.9	102	96	104	100	105	101	101
1964	4 816.5	4 131.9	-684.6	108	109	111	104	113	103	105
1965*	5 266.1	4 565.8	-700.3	115	117	123	106	126	106	108
Jan.-Feb.										
1964	712.4	581.2	-131.2							
1965*	789.1	585.1	-204.0							
1966*	797.2	538.7	-258.5							
1965*										
Jan.	383.9	317.3	- 66.6	112	114	118	105	119	107	105
Feb.	405.2	267.8	-137.4							
March	455.1	337.5	-117.6							
April	434.8	341.3	- 93.5	116	119	123	106	136	107	108
May	530.0	395.2	-134.8							
June	434.0	404.8	- 29.2							
July	428.7	398.2	- 30.5	117	121	125	107	135	107	109
Aug.	387.2	386.8	- 0.4							
Sept.	463.7	425.3	- 38.4							
Oct.	428.8	432.4	+ 3.6	116	115	124	107	131	107	108
Nov.	446.9	387.5	- 59.4							
Dec.	467.8	471.7	+ 3.9							
1966*										
Jan.	429.2	308.4	-120.8							
Feb.	368.0	230.3	-137.7							



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

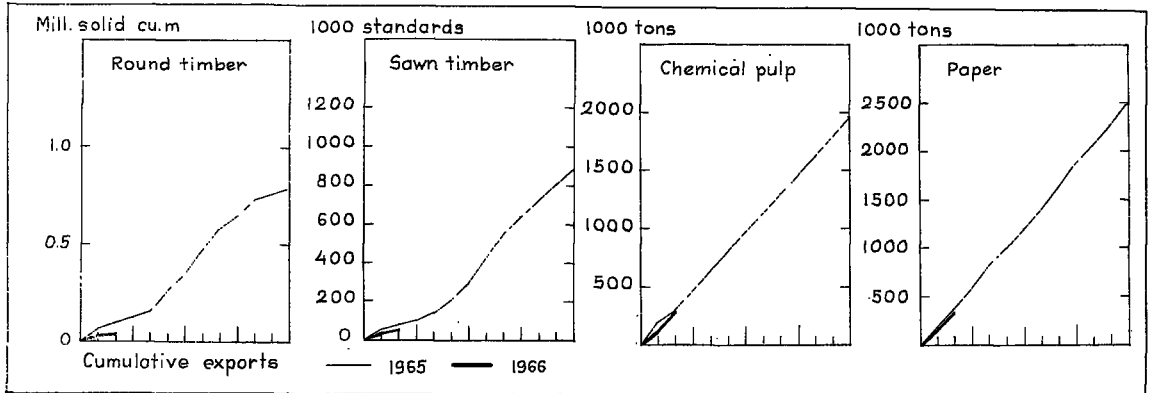
Period	Imports, c. i. f.				Exports, f. o. b.					
	Raw materials and producer goods	Fuels and lubricants	Finished goods		Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal engineering industry products	Other goods
			Investment goods	Consumer goods						
1961	1 711.2	329.9	1 034.4	614.7	153.5	295.8	840.8	1 539.1	386.3	158.5
1962	1 762.6	371.2	1 144.9	650.0	144.5	189.5	770.3	1 588.8	662.6	177.4
1963	1 827.5	373.3	1 004.3	661.8	164.8	112.8	811.8	1 752.2	613.8	222.6
1964	2 110.7	508.4	1 396.2	801.2	230.4	89.8	895.8	2 019.5	610.3	286.1
1965*	2 362.4	514.7	1 511.4	877.6	251.8	60.3	919.8	2 165.6	800.3	368.0
Jan.-Feb.										
1964	327.5	78.7	191.1	115.1	37.8	9.8	94.9	317.4	86.0	35.3
1965	357.1	64.6	238.6	128.8	38.0	6.3	100.7	312.9	85.1	42.1
1966	362.1	79.8	204.5	150.8	50.3	4.6	85.3	286.3	66.8	45.4
1965*										
Feb.	172.2	31.4	128.1	73.5	13.7	2.6	40.4	143.9	45.2	22.0
March	199.2	46.0	126.7	83.2	25.6	2.2	37.6	188.7	60.7	22.7
April	177.6	47.8	138.2	71.2	17.2	2.4	55.2	195.8	46.4	24.3
May	209.1	34.4	188.1	98.4	29.2	6.2	69.9	173.4	84.5	32.0
June	195.1	48.7	124.1	66.1	18.4	6.1	89.2	185.0	73.1	33.0
July	203.8	35.2	128.4	61.3	16.0	9.4	116.5	170.6	58.6	27.1
Aug.	179.6	51.3	96.9	59.4	14.4	7.9	104.3	182.7	46.5	31.0
Sept.	223.2	47.6	112.8	80.1	21.5	6.2	96.3	195.8	67.0	38.5
Oct.	205.2	42.7	112.4	68.5	18.1	6.4	96.9	187.8	79.6	43.6
Nov.	200.0	44.3	124.8	77.8	13.8	3.4	75.3	181.0	76.8	37.2
Dec.	212.5	52.1	120.5	82.7	39.6	3.8	77.9	191.9	122.0	36.5
1966*										
Jan.	204.0	41.1	103.8	80.3	34.2	3.6	57.5	152.6	35.0	25.5
Feb.	158.1	38.7	100.7	70.5	16.1	1.0	27.8	133.7	31.8	19.9



March 1963 figures are affected by strikes.

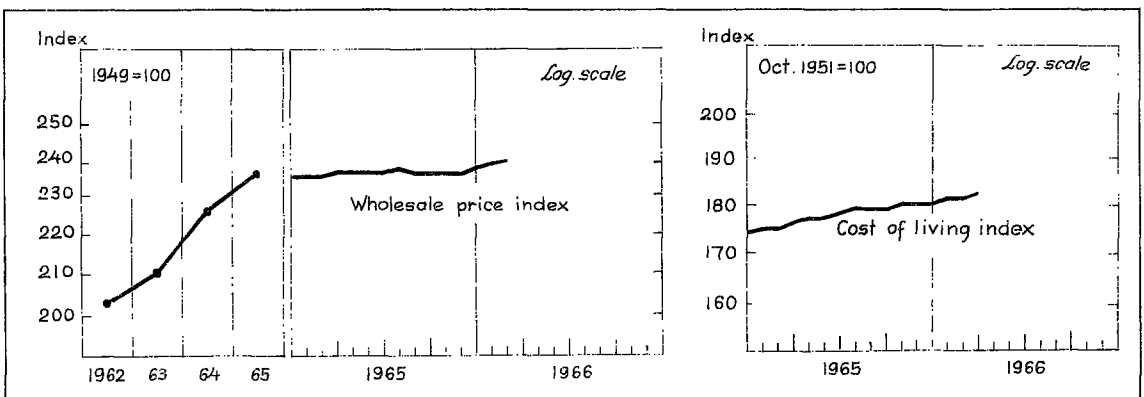
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber 1 000 solid cu. m	Sawn timber 1 000 stds	Veneers and plywood 1 000 cu. m	Mechanical pulp 1 000 tons	Sulphite pulp 1 000 tons	Sulphate pulp 1 000 tons	Board 1 000 tons	Fibre building board 1 000 tons	Newsprint 1 000 tons	Paper, all kinds 1 000 tons
1961	5 955	1 106	329	160	872	569	154	146	846	1 806
1962	3 681	1 010	357	150	828	731	153	152	870	1 980
1963	2 108	977	384	172	861	893	171	161	882	2 126
1964	1 320	990	440	175	971	980	194	165	989	2 309
1965*	781	870	461	149	931	1 037	174	144	1 101	2 500
Jan.-Feb.										
1964	150	82	78	32	172	170	27	31	143	353
1965	97	77	81	28	151	149	25	28	158	369
1969	26	59	70	20	145	123	23	18	141	329
1965*										
Feb.	35	25	37	15	60	54	14	14	75	190
March	26	22	37	15	92	82	15	10	81	209
April	31	41	41	16	78	91	16	16	101	225
May	109	63	40	11	68	100	15	12	80	198
June	79	91	39	14	74	94	14	13	93	203
July	131	137	24	9	75	81	14	8	79	193
Aug.	102	114	32	11	77	90	14	11	94	213
Sept.	77	94	42	11	80	79	17	8	104	231
Oct.	78	94	43	11	79	85	14	16	100	215
Nov.	29	72	37	11	74	88	11	12	107	204
Dec.	22	65	45	12	83	98	17	10	104	230
1966*										
Jan.	18	44	42	9	76	76	12	11	78	182
Feb.	8	15	28	11	69	47	11	7	63	147



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan.-Feb.			Whole year		Jan.-Feb.		
	1964	1965*	1965*	1966*		1964	1965*	1965*	1966*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.2	15.8	15.8	16.1	128.8	25.3	22.8	25.6	25.8	139.1
United Kingdom	14.8	15.3	15.4	15.6	124.6	23.0	20.7	23.0	24.1	129.6
Other OECD countries in Europe	52.7	55.5	57.9	54.4	433.3	45.9	44.8	47.5	46.0	247.7
Austria	0.7	0.8	0.8	0.8	6.6	0.4	0.2	0.3	0.5	2.9
Belgium-Luxembourg	2.0	2.2	2.3	1.8	14.6	3.5	3.3	3.4	3.1	16.9
Denmark	3.0	3.1	3.4	3.4	27.2	3.7	3.9	4.0	2.9	15.4
France	5.5	4.2	3.8	4.0	32.1	5.8	4.5	4.9	5.1	27.1
Western Germany	17.3	18.9	18.5	18.9	150.6	11.5	11.2	12.2	10.6	57.2
Italy	1.9	1.9	2.0	2.4	19.2	3.0	3.0	3.3	4.2	22.5
Netherlands	4.0	4.2	4.7	4.0	32.0	6.8	6.0	6.1	5.9	31.7
Norway	1.5	1.9	2.2	1.9	14.8	0.9	1.1	1.1	1.8	9.8
Portugal	0.2	0.2	0.2	0.3	2.1	0.1	0.2	0.2	0.2	1.3
Spain	0.5	0.5	0.7	0.6	4.8	0.9	1.1	1.1	1.1	5.8
Sweden	12.7	14.0	15.1	12.3	97.5	5.5	7.5	7.5	8.2	44.1
Switzerland	2.8	2.9	3.1	3.1	25.0	0.8	0.7	0.7	1.1	6.1
Eastern Bloc	22.5	18.9	16.4	18.5	147.8	17.4	21.0	14.5	14.7	79.2
China	0.4	0.3	0.4	0.8	6.3	0.5	0.6	0.4	0.2	1.1
Czechoslovakia	0.7	0.7	0.8	0.4	3.6	0.4	0.5	0.6	0.4	2.3
Eastern Germany	1.0	0.9	1.0	0.7	6.0	1.0	0.8	0.6	0.9	4.8
Poland	2.0	1.9	1.8	1.5	11.7	2.0	2.3	2.8	1.0	5.5
Soviet Union	17.6	14.4	11.6	14.4	114.8	12.0	15.9	9.1	10.6	57.1
U.S. and Canada	5.0	5.2	6.1	6.5	51.6	6.0	6.2	7.3	7.1	38.3
United States	4.8	5.0	5.9	6.2	49.5	5.8	6.0	7.2	6.9	37.4
Latin America	3.0	2.9	1.5	1.9	14.9	2.7	2.9	2.6	2.9	15.8
Argentina	0.3	0.3	0.1	0.1	0.5	0.8	0.9	1.2	1.1	5.7
Brazil	1.6	1.2	1.0	1.2	9.5	0.5	0.3	0.3	0.3	1.8
Colombia	0.6	0.6	0.2	0.5	3.7	0.5	0.7	0.5	0.8	4.6
Other	1.6	1.7	2.3	2.6	20.8	2.7	2.3	2.5	3.5	18.6
Grand total	100.0	100.0	100.0	100.0	797.2	100.0	100.0	100.0	100.0	538.7
of which										
EFTA countries	35.8	38.2	40.4	37.4	297.8	35.4	34.3	36.8	38.8	209.1
EEC countries	30.5	31.4	31.2	31.2	248.4	30.6	28.0	29.9	28.8	155.4



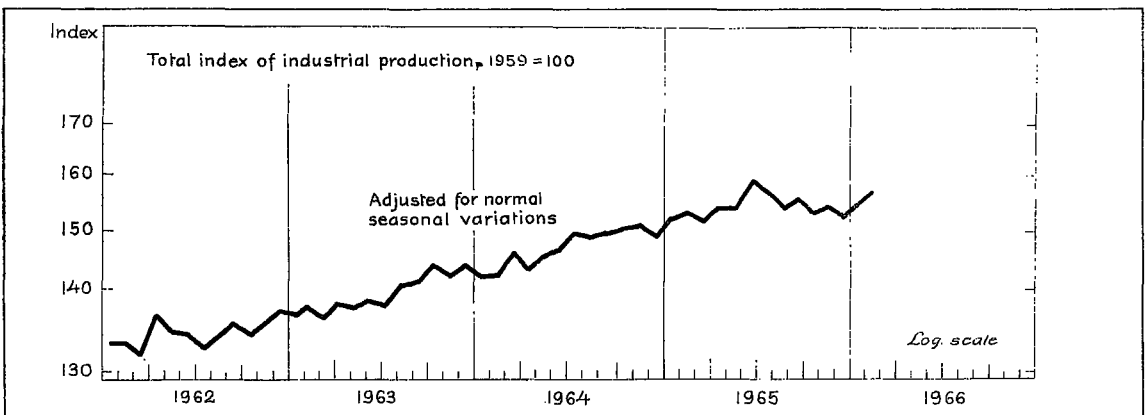
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1951 = 100		
	Total index	Origin		Purpose			Stage of processing			Total	Building material	Workers' average hourly earnings
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1963	210	212	201	214	211	205	226	203	205	140	118	171
1964	226	231	210	228	214	227	250	218	218	150	120	192
1965	236	242	214	241	224	232	266	228	223	158	125	208
1965												
April	236	242	213	240	222	234	268	228	222	158	125	210
May	236	242	213	242	223	231	268	229	222	159	125	212
June	236	242	213	242	223	231	266	229	222	159	125	212
July	237	243	213	242	224	233	269	228	223	159	125	209
Aug.	236	242	214	242	224	232	267	228	223	159	125	212
Sept.	236	241	213	241	224	231	265	228	223	159	125	209
Oct.	236	242	213	242	224	231	266	228	223	159	125	210
Nov.	236	242	213	242	224	231	266	228	223	158	125	206
Dec.	237	243	213	242	227	231	266	229	224	158	125	206
1966												
Jan.	238	244	213	243	227	234	269	230	224	159	125	207
Feb.	240	246	214	245	227	235	273	232	224	160	126	210
March	..	..	..	..	..	..	..	..	..	159	126	206

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other
1963	154	164	346	108	93	151	121	120	128	105	115	123
1964	170	184	364	114	107	164	133	135	135	110	132	134
1965	178	195	377	115	109	173	140	144	140	111	135	141
1965												
March	176	194	372	114	108	171	138	142	138	111	135	139
April	177	194	373	115	108	171	139	142	138	111	135	140
May	177	195	373	114	108	172	139	143	138	111	135	140
June	178	197	373	114	109	172	140	145	138	111	135	140
July	179	199	375	115	109	173	141	146	139	111	135	141
Aug.	179	199	375	115	109	173	141	146	139	111	135	141
Sept.	179	197	375	115	110	174	140	145	139	111	136	142
Oct.	180	198	387	115	110	174	142	146	143	111	136	142
Nov.	180	197	387	115	110	176	142	145	143	112	136	144
Dec.	180	197	387	115	110	176	142	145	143	112	136	144
1966												
Jan.	181	197	387	115	110	177	142	145	143	112	136	145
Feb.	181	198	387	117	110	178	142	145	143	113	136	145
March	182	199	387	117	110	178	143	146	143	114	136	145

PRODUCTION - INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1963	138	144	141	131	121	155	140	133	139	47 780	169
1964*	148	149	154	135	128	170	148	142	147	53 200	156
1965*	155	157	161	139	132	178	156	146	154	51 905	170
1964*											
July	115	81	127	100	122	169	85	108	150	1 327	145
Aug.	149	142	152	144	103	175	140	152	149	1 846	170
Sept.	161	167	166	147	125	183	167	154	150	2 335	173
Oct.	165	163	173	147	129	192	165	158	150	2 926	169
Nov.	161	166	170	142	125	184	164	155	151	3 462	164
Dec.	149	162	157	129	127	162	160	138	149	4 536	183
1965*											
Jan.	150	155	159	128	127	176	154	136	152	4 822	120
Feb.	152	163	158	134	136	174	161	138	153	6 095	147
March	168	177	177	148	157	197	174	156	152	6 342	168
April	152	155	157	139	144	168	154	145	154	5 674	188
May	158	156	166	142	147	186	158	148	154	11 698	181
June	148	159	149	139	133	150	158	144	159	2 162	164
July	119	95	131	103	118	174	95	110	157	1 400	155
Aug.	155	140	161	147	112	187	144	154	154	2 082	173
Sept.	167	173	173	152	130	193	172	159	156	2 844	186
Oct.	169	176	177	150	133	193	176	160	153	2 856	184
Nov.	165	168	172	150	121	180	167	161	154	3 317	181
Dec.	152	162	158	139	122	158	164	145	152	3 842	196
1966*											
Jan.	154	158	160	139	116	166	159	144	154	4 219	131
Feb.	155	157	161	142	123	171	161	146	157	4 742	..

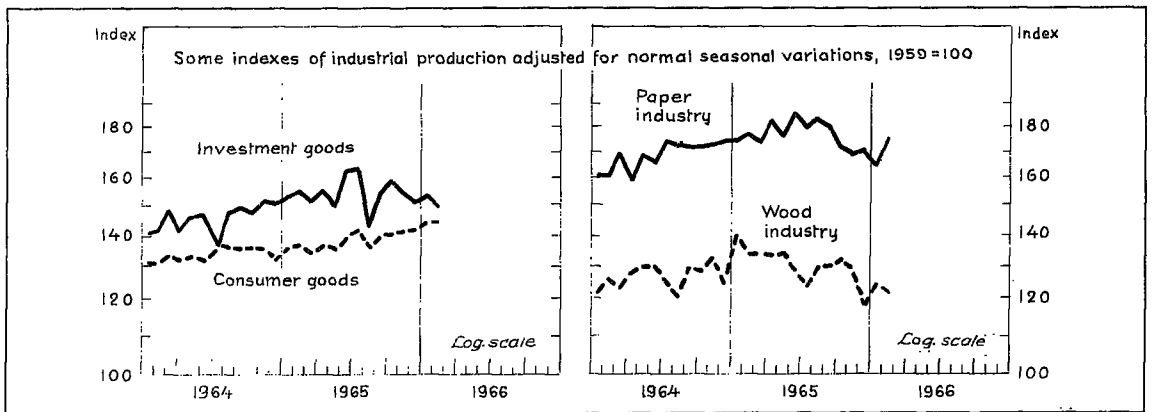


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

BUILDING – WAGES – TRANSPORT – EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1963	25.16	12.81	2.29	6.62	2.44	26.28	145	136	144	143
1964	24.59	10.57	2.43	7.61	2.80	28.75	164	156	172	162
1965*	27.04	10.96	2.58	9.20	3.12	31.33	178	177	187	178
1964 Oct.-Dec.	8.68	3.97	1.04	2.60	0.69	28.75	169	165	164	167
1965* Jan.-Mar.	4.56	1.93	0.23	1.77	0.50	28.08	176	176	188	175
Apr.-June	5.57	2.03	0.40	1.72	1.18	32.67	179	173	189	178
July-Sept.	7.15	2.57	0.97	2.27	0.87	35.65	179	177	194	179
Oct.-Dec.	9.76	4.43	0.98	3.44	0.57	31.33	179	180	181	179

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1965*	1966*	1965*	1966*	1965*	1966*	1965	1966*	1965	1966*
Jan.	118	118	690	724	549	560	1 877	1 896	2.0	2.1
Feb.	124	118	549	434	451	270	1 860		1.6	
March	144	140	679	519	493	344	1 839		1.7	
April	138		721		601		1 884		1.7	
May	132		969		772		1 940		1.1	
June	129		1 188		1 109		1 960		1.0	
July	134		1 387		1 313		1 797		1.2	
Aug.	138		1 357		1 255		1 893		1.2	
Sept.	143		1 124		956		1 948		0.9	
Oct.	139		1 090		867		1 946		1.2	
Nov.	131		1 022		855		1 933		1.4	
Dec.	115		905		767		1 888		2.1	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

PRE-1963 VALUES ARE GIVEN IN THE NEW MONETARY UNIT, ONE NEW MARK BEING EQUIVALENT TO ONE HUNDRED OF THE OLD MARKS.

BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds + Prepayments for exports. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — Finnish term liabilities (Treasury). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill, Prepayments for exports and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Other Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

Commercial bank and mortgage bank figures obtained from the official bank statistics, savings bank figures from the Central Statistical Office, other figures from the respective credit institutions or their central banks.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks. *Indexed deposits and high-interest deposits* are included in term deposits.

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.

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings (net) of State departments. In principle, the change in this item = surplus (deficit) in the table on revenue and expenditure. The small divergence is due to the act that the adjustment of the monthly figures is not as accurate as that of the annual (December) figures.

FOREIGN TRADE

Pages 9—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 9): The indexes are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indexes corresponds to the annual level of the Fisher index formula. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living index* and *Consumer price index* calculated by the Ministry for Social Affairs.

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The weight of each group represents the ratio of its value added to the total value added of industrial production in the base year. The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day; for the method of calculation of series adjusted for normal and specific seasonal variations see Bulletin No. 8, 1961, p. 18. Other seasonally adjusted series are calculated according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. Beginning June 1964 an additional series has been collected by a new sample method. As the compilation of old series has been ended, the figures since July 1965 have been calculated by extrapolating the level of old series with the percentage changes of the new series. These calculations have been made by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index*, calculated by the Ministry of Finance. Based on sales statistics compiled by the daily Uusi Suomi, covering about 50 % of all internal wholesale trade. Price fluctuations have been eliminated by means of the revised wholesale price index.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Labour input and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin).

SYMBOLS USED

* Preliminary ° Less than half the final digit shown . Logically impossible .. Not available — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1962, to March 1, 1968, is Urho Kekkonen.

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 1966 are as follows: Social Democrats 55, Centre Party 49, People's Democrats 41, Conservatives 26, Swedish Party 12, Liberal Party 9, Social Democratic League 7 and Finnish Small Farmers' Party 1.

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 %. On an average 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

OWNERSHIP OF LAND (1960): The total land area was distributed among different classes of owners approximately as follows: private 60.9 %, State 31.8 %, joint stock companies etc. 5.6 %, municipalities and parishes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1964): 4.6 million. Sweden 7.6, Switzerland 5.8, Denmark 4.7 and Norway 3.7 million.

DENSITY OF POPULATION (1964): In South Finland 25.6, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1964): 57 % of the population inhabit the rural areas, 43 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 497 000 inhabitants, Tampere (Tammerfors) 139 200, Turku (Åbo) 138 300.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive independent persons 11 %.

LANGUAGE (1960): Finnish speaking 92.4 %, Swedish speaking 7.4 %, others 0.2 %.

EDUCATION (1964): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teachers' training colleges, besides teacher-training departments in two of the universities.

INCREASE OF POPULATION (1964): births 17.6 ‰, deaths 9.3 ‰, increase 7.8 ‰. Deaths in France 10.7 ‰ and Great Britain 11.3 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1964, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 051 (10 %), forestry and fishing 1 953 (9 %), manufacturing 6 160 (29 %), construction 1 969 (9 %), transportation and communication 1 477 (7 %), commerce, banking and insurance 2 739 (13 %), public administration 2 336 (11 %), other services 2 453 (12 %), total 21 138. Index of real domestic product 143 (1957 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million cu. ft), of which pine 43 % and spruce 38 %, the rest 19 %

being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17 %, 5 to 15 ha. 48 %, 15 to 50 ha. 30 % and more than 50 ha. 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 137 for 1965 (1954 = 100). Measure of self-sufficiency in bread cereals 91 % in the crop year 1964/65.

INDUSTRY (1963): Gross value of industrial production 15 500 mill. marks, number of workers 347 000, salaried employees 73 200, motive power (1963) 4.4 mill. HP. Index of industrial production 138 for 1963 (1959 = 100).

RAILWAYS (Jan. 1, 1966): Length 5 532 km, of which 5 458 km are State and 74 km private railways. The gauge of State railways 1,524 m.

MERCHANT FLEET (March 31, 1966): Steamers 138 (236 179 gross reg. tons), motor vessels 392 (754 115 gross reg. tons), sailing vessels with auxiliary engines 29 (3 873 gross reg. tons). Total 559 (994 167 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1965): Passenger cars 454 300, lorries and vans 81 100, buses 7 000, others 3 600. Total 546 000.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1965): Kilometres flown 13.0 million, passengers carried 721 451, passenger kilometres 370.5 million, and ton kilometres of freight and mail 7.0 million.

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). On Jan. 1, 1963, the value of the mark was raised to one hundred times its former value. The official par value of the new unit is 3.20 marks to the U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1964 expenditure amounted to 3 179 mill. marks. Total revenue was 3 165 million, of which income from taxation 1 575 million. The municipal income tax (non-progressive) averaged 12.00 ‰ of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland 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, 1965) There are two big and four small commercial banks with in all 747 offices, 366 savings banks, 489 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pension Institute and sixty-five private insurance companies also grant credits.

RATES OF INTEREST (May 1, 1965). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ %, 12 months' deposits 6 %, 100 per cent index-tied deposits 2 ½ %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

FINLAND'S FOREIGN TRADE IN 1965

BY

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INTERNATIONAL BACKGROUND

The growth of total production in the Western Hemisphere slowed down in 1965, but there were divergencies in the behaviour of individual countries. In the United States and Canada the growth continued on the same level as in 1964; in the former the volume of GNP increased by 5.5 per cent. In Western Europe the growth decreased. In the United Kingdom the increase scarcely reached 2.5 per cent, whereas in 1964 the total production had increased more than 5.5 per cent. In the EEC countries the growth rate decreased from 5.5 per cent in 1964 to 3.5 per cent last year. In the EFTA countries of continental Europe the tendency was the same, although the growth was faster than in Western Europe in general. Accordingly the rate of growth in the countries important to Finland from the point of view of exports markedly decreased in 1965.

VOLUME, VALUE AND TERMS OF TRADE

These changes in the international economic situation were reflected in Finnish exports. The demand for some major export products became sluggish and the price level was unstable. This development, however, was partly compensated for by exports to Eastern European countries being increased by one third. The volume of total exports increased by 4.5 per cent, against a 7 per cent increase in 1964. This development was in accordance with the export pattern in Western Europe as a whole. The increase in

the value of exports on the previous year was 10.5 per cent, or 1.5 per cent less than in 1964.

Finnish imports were influenced by a slackening of economic activity together with the restrictive policy pursued last year. The import value increased by only 9.3 per cent, whereas the growth in the previous year had been as large as 24 per cent. This was due in part to restrictions on hire purchase and an increase of passenger car tax as well as to the general measures taken to restrict the growth of internal demand.

Terms of trade showed favourable development last year. As export prices rose by 4.5 per cent, against a less than one per cent increase in import prices, the terms of trade (1962=100) reached the figure of 108, against 105 in the previous year. In spite of the fact that the value of exports increased more than that of imports, the deficit of the balance of trade was 700 million marks, or slightly more than in 1964 (685 million). It became obvious, however, in the course of the year, that the deficit had reached its maximum.

THE COMMODITY COMPOSITION OF FINLAND'S FOREIGN TRADE

One of the main features of the Finnish export pattern in the last few years has been the gradual reduction of the part played by traditional exports. In 1965 the woodworking industry's share was less than 70 per cent of all exports. The gaining sectors have been

THE STRUCTURE OF FOREIGN TRADE BY COMMODITY GROUPS IN 1964 AND 1965.

<i>Exports</i>	1964	1965
	Per cent	
Paper industry products	48.9	47.4
Wood industry products	21.7	20.1
Round and hewn timber	2.2	1.3
Metal, engineering industry products	14.8	17.5
Agricultural products	5.5	5.5
Other goods	6.9	8.2
	<u>100.0</u>	<u>100.0</u>
<i>Imports</i>		
Raw materials	43.9	44.9
Investment goods	29.0	28.7
of this; passenger cars	6.2	6.2
Consumer goods	16.6	16.6
Fuels and lubricants	10.5	9.8
	<u>100.0</u>	<u>100.0</u>

the metal and engineering industries and the so-called "new exports", made up mainly of the export products of different kinds of medium-sized industries. The exports of the metal industry in 1965 totalled 18 per cent, while the "new exports" were responsible for more than 8 per cent of total exports. The proportion of the agricultural products during the last few years has been fairly constant, 4—6 per cent.

The value of exports of round timber (including pulpwood) fell by 33 per cent from the previous year. It should be borne in mind that exports in this field are today of minor importance, and Finland has actually become a net-importer of round timber.

Exports of sawn goods decreased from 1964 by more than 100 000 standards to 880 000 standards. Owing to an improvement in the prices of sawn wood, the value of exports remained on almost the same level as in 1964. It seems unlikely that Finland will be able to increase her sawn wood exports in the near future, as the keen competition for raw material means that the saw mills' chances of increasing production are being limited.

Mechanical and chemical pulp exports showed only a slight increase in volume, but

the favourable price development during the first half of the year resulted in an increase of about 4 per cent in export earnings on the previous year. The acquired price level could not be held towards the end of the year, and there may be some restrictions on production during 1966. The deliveries of the paper products developed in a fairly satisfactory manner last year. The exports of the whole sector increased 11 per cent in volume and 13 per cent in value. At the same time demand shifted towards better qualities.

Metal industry exports increased by as much as 31 per cent. It should be noted, however, that such a large increase was due mainly to the timing of deliveries within the framework of bilateral agreements with Eastern European countries, especially with the Soviet Union. Nevertheless, if the development of exports of the Finnish metal industry products is examined in long-term perspective, a rising trend can be observed. Similarly, the proportion of total deliveries going to Western markets is gradually increasing.

A notable feature in the export structure has been the success of the "new exports", most of which go to Western countries. In 1965 the growth from the previous year was about 30 per cent. The largest gains were in the field of home appliances, and in the textile and leather industries. Furniture is also being exported at a rapidly increasing rate.

"NEW EXPORTS" OF SOME COMMODITY GROUPS IN 1964 AND 1965.

	1964	1965
	Mill. mk	
Textiles	37.8	61.1
Furniture	13.3	18.7
Shoes	8.2	11.1
Home appliances	5.8	11.3
Ceramics and glass-ware	6.5	7.8

There was a remarkable change in the structure of Finnish agricultural exports last year. The deliveries of the traditional prod-

ucts, butter and cheese, fell about 10 per cent in value, but this development was more than compensated for by other agricultural exports, such as milk powder and furs. As a whole, the value of agricultural exports increased by 10 per cent.

With regard to imports there was a marked increase in raw materials. The main impulse came from engineering firms and shipyards, which imported materials for the future deliveries within the framework of the new trade agreement with the Soviet Union. In addition, the imports of building materials grew more than imports in general, thus reflecting the increase of residential building activity in 1965. The raw material needs of the foodstuffs and textile industries were smaller than in 1964, owing to changes in stocks and domestic demand.

According to statistics fuel and lubricant imports increased by only one per cent. There is, however, a bias in these figures, as deliveries to the value of 40—50 million marks imported in 1963 were recorded in the figures of 1964. Thus the increase in this group was in fact 11 per cent.

The growth in imports of producer goods slowed down substantially in 1965, the increase being only 5 per cent, against a 20 per cent increase in 1964. The main reason

for this sluggishness can be found in the strained credit situation, which had its effect on the growth of investment activity.

The value of consumer good imports, including passenger cars, increased by 9.5 per cent. A large part of this increase was due to the rise in prices, which — excluding those of cars — went up about 4 per cent. The measures to brake the large inflow of cars damped down the demand quite markedly: the value of imported cars was only about 9 per cent higher, whereas the increase in 1964 had been more than 80 per cent. In addition to this, there was gradual slackening of demand in the course of the year.

THE REGIONAL PATTERN

Finland's exports to EFTA countries increased last year by 7 per cent and imports from them by 17 per cent. The increase in exports to the EEC countries was about one per cent, whereas imports rose by 17 per cent. Finland's deliveries to Eastern European countries advanced by one third, while there was a decrease in imports from this group of 8 per cent. Finland's exports to countries outside Europe increased by 14 per cent, against the rise in imports of 12 per cent.

BANK OF FINLAND

BOARD OF MANAGEMENT

KLAUS WARIS,
Governor

ESKO K. LEINONEN

A. SIMONEN

AHTI KARJALAINEN
*(Absent as a member of
Government)*

REINO ROSSI

HEIKKI VALVANNE
ad int.

SECRETARIES

U. A. VATANEN

PERTTI TAMMIVUORI

JOUKO J. VOUTILAINEN

K. IGNATIUS

JORMA ARANKO

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Personnel

C. G. SUNDMAN,
*Foreign exchange
(trade)*

P. BLOMQUIST,
Central Accounting

P.-E. ÖSTERLUND,
*Foreign exchange
(services)*

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Internal Audit

HELGE LINDSTRÖM,
Credits

ARTHUR ASPELUND,
Cash

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Foreign correspondence

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