



BANK OF FINLAND

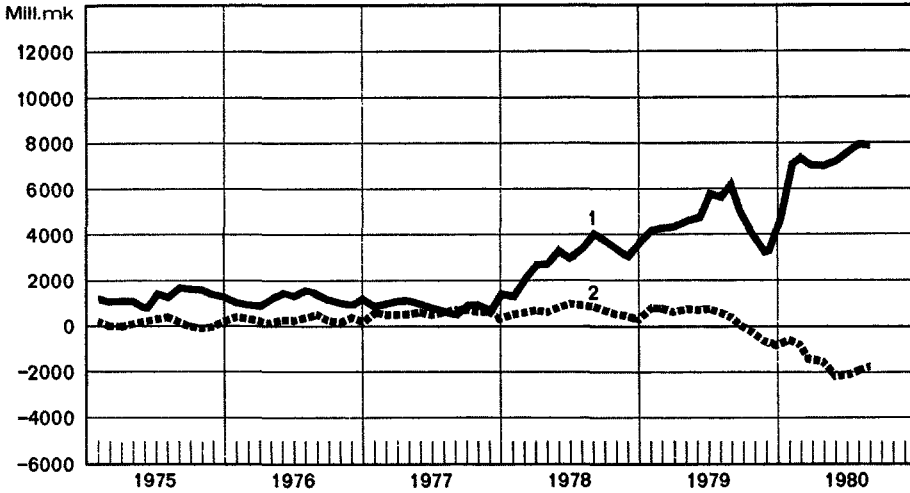
Monthly Bulletin

Foreign trade
The Finnish chemical industry

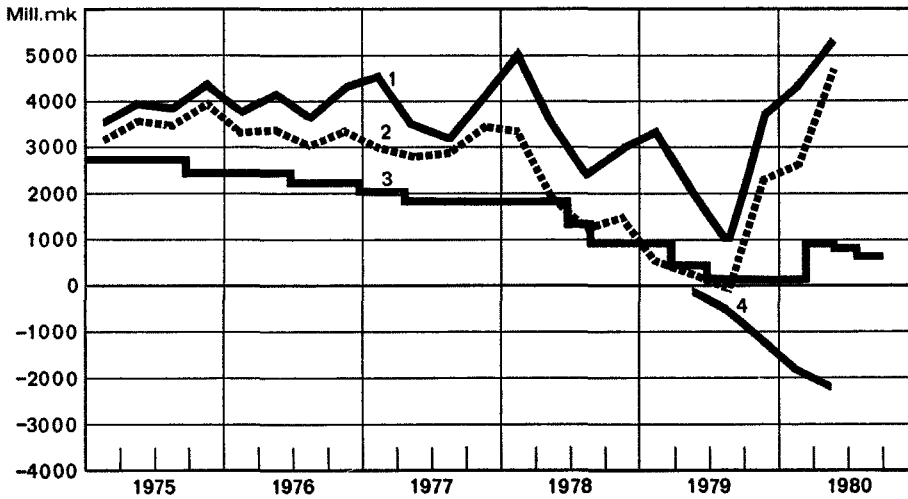
OCTOBER 1980

Vol. 54 No. 10

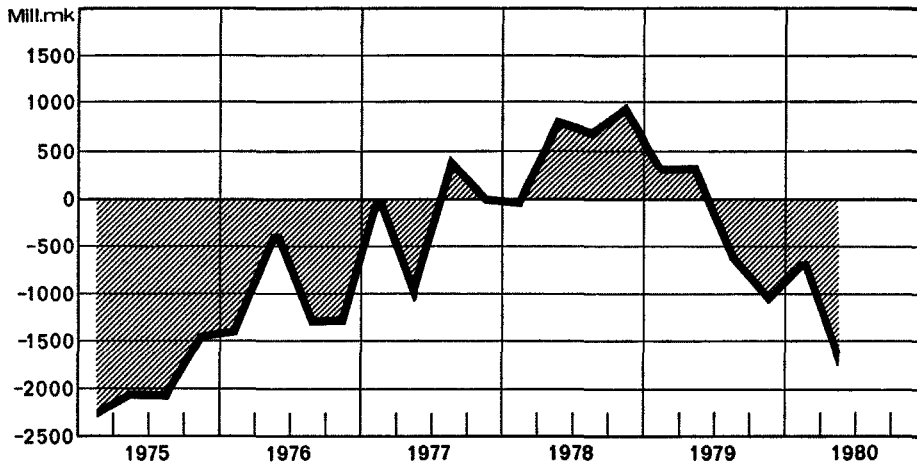
BANK OF FINLAND'S CONVERTIBLE AND TIED
FOREIGN EXCHANGE RESERVES . 1975-80



COMMERCIAL BANKS' CENTRAL BANK POSITION, 1975-80



BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1975-80



FOREIGN TRADE

by Ilmo Pyyhtiä, M.Pol.Sc.

Economics Department
Bank of Finland

After being in surplus for some two years, Finland's trade account moved into deficit during the second half of 1979 and the weakening of the foreign balance has continued in the course of the current year. The cumulative deficit in January—August amounted to 4 500 million marks. Up to now export performance has been exceptionally good, but because of brisk domestic demand and oil price rises the value of imports has grown at an even faster pace than that of exports.

The overall terms of trade weakened by 3.5 per cent during the first half of this year. This was wholly attributable to developments in the trade with CMEA countries, and particularly to Finland's heavy reliance upon crude oil imports from the Soviet Union. Thus, while the terms of trade vis-à-vis the Socialist countries deteriorated by 12 per cent, those vis-à-vis the Western economies actually strengthened by 2 per cent, reflecting the favourable price developments in the forest industry, where prices have tended to follow those of oil.

EXPORTS

The recent good price competitiveness of Finnish industry together with the international raw material boom have been responsible for the continued rapid growth of Finnish exports, notwithstanding the onset of recession in the Western economies. However, the centre of buoyancy in export growth is shifting from forest industry products to metal and engineering products and from Western markets to the Socialist countries.

During the first six months of the current year, the seasonally adjusted volume of exports

rose at an annual rate of 20 per cent compared with the latter half of 1979, despite strikes in industry and the merchant marine in the second quarter of this year. Chemical industry exports rose by 116 per cent and were boosted both by the raw material boom and the expansion in Finland of oil refining for Sweden. As a result of the bilateral trade and the strong competitive position, metal industry exports increased by 40 per cent and those of textiles by 19 per cent. The volume of forest industry exports grew by only 7 per cent, but in value terms the development was more favourable.

Following international price movements, the export prices of the forest and chemical industries increased rapidly during the first half year. Thus, while overall export prices rose at an annual rate of 14 per cent, prices of wood industry exports went up by 26 per cent, paper product prices by 21 per cent and chemical industry prices by 14 per cent.

The regional distribution of Finnish exports has not changed in value terms as much as might have been expected on the basis of volume developments, since movements in the terms of trade have largely offset the volume changes. However, during the past twelve months the share of CMEA countries has increased by over half a percentage point to 17.7 per cent of total commodity exports in value terms. Similarly, that of OPEC countries has risen by nearly one percentage point to 4.5 per cent over the same period. The value of exports to OPEC increased by 48 per cent and that of exports to developing countries by 34 per cent during the first seven months of this year compared with the same period last year. Exports to EEC and EFTA countries increased by 23 per cent and 29 per cent, respectively. The share of exports to the EEC

was unchanged at 41 per cent, while that of EFTA countries increased by over one percentage point to 24 per cent.

IMPORTS

Reflecting the late cyclical upswing and currently brisk investment demand, the growth of imports has so far this year been concentrated in finished products. Import demand is being boosted particularly by the vigorous investment growth in the metal industry. In addition, imports of consumer goods are growing because of a substantial increase in households' disposable income.

The volume of imports grew at an annual rate of 11 per cent during the first half of this year compared with the latter half of 1979. Imports of investment goods rose by 36 per cent and imports of consumer goods by 27 per cent. As a consequence of the increase in industrial production and in the stock of orders, raw material imports rose by 20 per cent over the same period. On the other hand, imports of both crude oil and fuels and lubricants decreased, mainly because of the ice-breaker and merchant marine strikes and previous stockpiling.

In line with recent international developments, prices of imported raw materials have increased faster than import prices of finished goods. Total imports rose at an average annual rate of 23 per cent during the first half of this year, while energy import prices rose by 56 per cent and raw material prices by 23 per cent.

Over the past twelve months, there has been a clear shift in the regional distribution of imports in favour of countries producing oil and raw materials. The value of OPEC imports increased by 280 per cent during the first seven months of this year compared with the same period last year, and OPEC's share of Finnish imports now amounts to 5.2 per cent. The share of CMEA countries rose to 24.5 per cent and that of non-oil developing countries to 11.1 per cent. Hence the import shares of industrial countries decreased.

PROSPECTS

Despite the generally gloomy prospects for international economic development, the outlook for Finnish exports remains relatively favourable for the time being. This is due both to the continued, though slackening, demand for forest industry products on world markets and the thick order books of the metal industries — a consequence of the good price competitiveness of Finnish industries. Manufacturing industry is working at near full capacity, but the growth rate of exports to Western markets is beginning to turn down as these countries slide into recession. The prospects for exports to the Socialist countries, however, are looking brighter due to the higher oil bill and the start next year of the new five-year bilateral trade agreement with the Soviet Union. Consequently, it is expected that increased exports to the Soviet Union will offset part of the fall-off in Western export demand.

A crucial issue in the coming months is whether Finnish industry can sustain its competitiveness in the face of strong external inflationary pressures and a domestic economy which is in danger of overheating. The weakening in Finland's terms of trade is expected to level off gradually partly because prices of forest industry products have generally followed international raw material prices and partly because Finland's export demand is shifting towards more highly processed products.

During the next half year, demand will be stronger in Finland than in her main trading partners, which inevitably means pressures on the external balance. However, Finland's foreign debt is now relatively lower than it was during the last international recession and the external liquidity position of the economy is fairly good. Given the favourable prospects for exports to the Soviet Union and the good financial position of the corporate sector, it seems unlikely that foreign indebtedness will impose any severe constraints on growth in the near future.

September 23, 1980

BANK OF FINLAND

Mill. mk

	1979		1980			
	Sept. 28	Dec. 31	Sept. 8	Sept. 15	Sept. 23	Sept. 30
Assets						
Gold and foreign exchange receivables	5 240	4 860	8 032	7 965	7 937	7 882
Gold ¹	169	1 073	1 073	1 073	1 073	1 073
Special drawing rights	448	430	564	564	564	563
IMF reserve tranche	236	225	225	225	225	215
Foreign bonds ²	—	—	2 075	2 092	2 066	2 088
Convertible currencies	4 201	2 978	4 007	3 905	3 902	3 830
Tied currencies	186	154	88	106	107	113
Other foreign receivables	3 107	2 803	1 054	1 054	1 054	1 054
Foreign bonds ²	2 001	1 749	—	—	—	—
Mark subscription to Finland's IMF quota	1 106	1 054	1 054	1 054	1 054	1 045
Receivables from financial institutions	2 452	4 538	5 517	6 614	5 979	5 515
Banks' cheque accounts	127	233	749	704	656	726
Call money market advances	1 919	3 870	4 277	5 420	4 844	4 307
Bonds	382	408	452	447	447	447
Other financial institution receivables	24	27	39	43	32	35
Receivables from the public sector	859	884	1 272	1 278	1 276	1 284
Government promissory notes	346	346	650	650	650	650
Bonds	144	145	227	233	233	241
Total coinage	368	372	390	391	391	392
Other public sector receivables	1	21	5	4	2	1
Receivables from corporations	2 272	2 520	2 983	2 997	3 084	3 118
Financing of exports	1 054	1 230	1 249	1 257	1 344	1 975
Financing of domestic deliveries	869	952	1 398	1 396	1 396	1 400
Bonds	202	205	222	230	230	230
Other corporate receivables	147	133	114	114	114	113
Other assets	70	73	77	77	77	77
Total	14 000	15 678	18 935	19 985	19 407	18 921
Liabilities						
Foreign exchange liabilities	20	846	1 942	1 948	2 009	1 994
Convertible accounts	20	14	24	28	22	34
Tied accounts	0	832	1 918	1 920	1 987	1 960
Other foreign liabilities	1 899	1 818	1 931	1 931	1 931	1 931
IMF mark accounts	1 445	1 385	1 365	1 365	1 365	1 365
Allocations of special drawing rights	454	433	566	566	566	566
Notes and coins in circulation	4 072	4 375	4 341	4 352	4 295	4 366
Notes	3 735	4 020	3 979	3 990	3 934	4 004
Coins	337	355	362	362	361	362
Deposit certificates in circulation	2 390	1 700	2 850	2 850	2 850	2 250
Claims of financial institutions	2 425	3 043	3 354	4 345	3 772	3 723
Banks' cheque accounts	8	4	1	1	1	4
Call money market deposits	1 334	1 131	125	1 130	575	525
Cash reserve deposits	989	1 764	2 989	2 980	2 980	2 982
Capital import deposits	92	140	205	203	185	182
Other financial institution claims	2	4	34	31	31	30
Claims of the public sector	364	387	43	43	44	43
Cheque accounts	1	2	0	0	1	0
Counter-cyclical reserves	40	42	42	42	42	42
Capital import deposits	322	339	—	—	—	—
Other public sector claims	1	4	1	1	1	1
Claims of corporations	493	403	866	877	881	950
Deposits for investment and ship purchase	126	133	575	576	578	635
Capital import deposits	358	254	259	259	261	261
Export deposits	—	—	26	36	36	48
Import levy deposits	1	2	—	—	—	—
Other corporate claims	8	14	6	6	6	6
Other liabilities	13	13	15	13	13	14
Equalization accounts	173	1 252	1 584	1 614	1 590	1 618
Capital accounts	2 151	1 841	2 009	2 012	2 022	2 032
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	636	636	441	441	441	441
Undisposed profits	92	—	—	—	—	—
Net earnings	23	—195	168	171	181	191
Total	14 000	15 678	18 935	19 985	19 407	18 921

¹ As of Dec. 31, 1979 gold is valued at Fmk 35 per gramme.² As of January 1, 1980 foreign bonds are included in Gold and foreign exchange receivables.

BANK OF FINLAND

Mill. mk

End of year or month	Foreign sector ¹							Public sector			Deposit certificates in circulation
	Gold ² , SDR, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1974	675	341	1 047	2 063	-388	-6	1 669	302	560	258	1 040
1975	399	204	1 011	1 614	368	-315	1 667	339	1 301	962	250
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	-
1977	337	543	1 212	2 092	496	-2 031	557	391	328	- 63	200
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1979											
Sept.	853	2 001	4 181	7 035	186	-793	6 428	859	364	-495	2 390
Oct.	858	1 860	3 316	6 034	-157	-793	5 084	866	388	-478	2 390
Nov.	855	1 783	2 582	5 220	-505	-793	3 922	867	381	-486	2 040
Dec.	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980											
Jan.	1 861	1 829	3 463	7 153	-462	-897	5 794	1 254	68	-1 186	2 200
Feb.	1 864	2 020	3 670	7 554	-700	-897	5 957	1 265	60	-1 205	2 740
March	1 874	1 972	3 330	7 176	-1 316	-897	4 963	1 280	63	-1 217	3 340
April	1 874	1 976	3 325	7 175	-1 432	-897	4 846	1 267	53	-1 214	2 940
May	1 868	1 976	3 510	7 354	-1 946	-877	4 531	1 264	45	-1 219	2 490
June	1 868	2 017	3 912	7 797	-1 996	-877	4 924	1 257	43	-1 214	2 640
July	1 868	2 049	4 148	8 065	-1 787	-877	5 401	1 285	43	-1 242	1 940
Aug.	1 862	2 071	4 070	8 003	-1 656	-877	5 470	1 261	43	-1 218	2 100
Sept.	1 851	2 088	3 796	7 735	-1 847	-886	5 002	1 284	43	-1 241	2 250

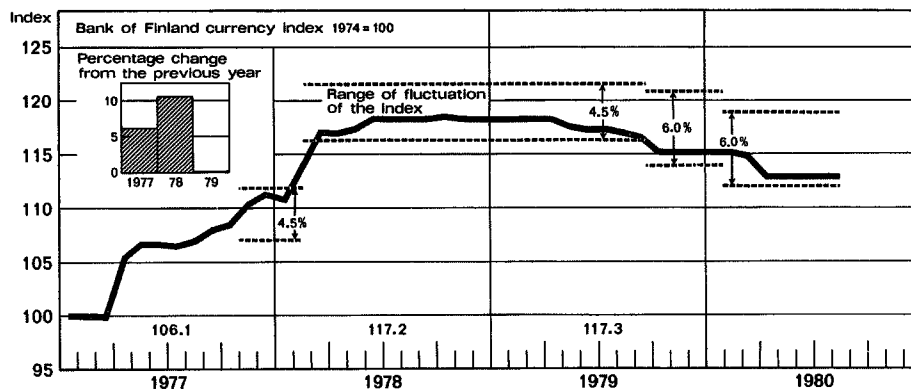
FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1979			Net holdings, Aug. 29, 1980 ¹			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.-Aug.
Gold ²			1 073			1 073	-	-
Special drawing rights			430			563	-7	+133
IMF reserve tranche			225			225	-	-
Foreign bonds			-			2 072	+ 23	+322
Convertible currencies			2 964			4 070	-486	-1 998
Total			4 692			8 003	-470	-1 543
Tied currencies			-678			-6 327	+145	-1 006
Grand total			4 014			1 676	-325	-2 549

¹ New series, see item Bulletin 2/1980. ² As of Dec. 31, 1979 gold is valued at Fmk 35 per gramme.

End of year or month	Domestic financial sector							Corporate sector			Notes and coins in circulation
	Discounted and rediscounted bills	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receivables (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities, net	Net receivables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1974	3 034	110	—	—	—	-261	3 405	631	195	436	2 462
1975	3 385	130	372	95	—	-343	4 135	933	539	394	2 855
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1979											
Sept.	—	119	1 919	1 334	989	-312	27	1 923	144	1 779	4 072
Oct.	—	232	2 894	1 058	1 232	-284	1 120	2 173	150	2 023	3 963
Nov.	—	192	3 735	836	1 496	-262	1 857	2 233	107	2 126	4 156
Dec.	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980											
Jan.	—	375	2 989	1 376	2 095	-295	188	2 224	62	2 162	4 047
Feb.	—	910	3 005	1 370	2 123	-315	737	2 317	149	2 168	4 233
March	—	836	4 155	592	2 267	-307	2 439	2 305	234	2 071	4 163
April	—	1 032	3 950	519	2 396	-224	2 291	2 388	247	2 141	4 281
May	—	978	3 981	245	2 562	-272	2 424	2 333	273	2 060	4 389
June	—	876	4 433	502	2 591	-285	2 501	2 409	471	1 938	4 572
July	—	915	3 047	475	2 649	-145	983	2 661	538	2 123	4 466
Aug.	—	750	3 968	780	2 989	-247	1 196	2 640	516	2 124	4 449
Sept.	—	722	4 307	525	2 982	-270	1 792	2 775	607	2 168	4 366



MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks ³ , mill. mk	Cash reserve deposits of the commercial banks ³ , mill. mk	Bank of Finland placements in the call money market, mill. mk	Basic discount rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
1	2	3	4	5	6	7	8	9	10	
1973	2 042	1 819	1 333	—	—	—	8.50	—	9.99	8.65
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03

1979

Sept.	1 427	395	200	756	658	198	7.25	8.68	8.03	7.85
Oct.	2 905	1 216	200	997	868	1 018	7.25	9.13	8.50	7.85
Nov.	3 760	2 512	200	1 241	1 078	2 298	8.50	12.87	11.94	8.98
Dec.	4 603	3 350	200	1 505	1 316	3 151	8.50	13.53	12.76	9.06

1980

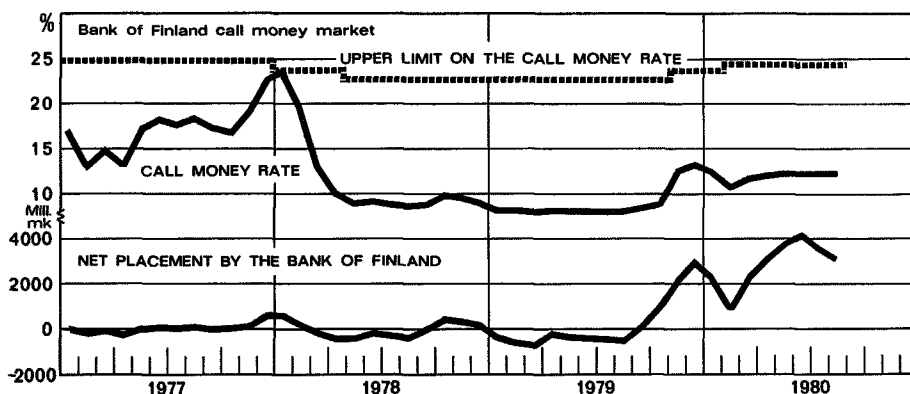
Jan.	4 471	2 627	200	1 775	1 553	2 399	8.50	12.70	11.79	9.08
Feb.	4 094	2 066	1 000	2 092	1 829	1 068	9.25	11.14	10.18	9.77
March	4 580	3 380	1 000	2 128	1 857	2 381	9.25	11.97	11.19	9.82
April	5 156	4 204	1 000	2 271	1 987	3 204	9.25	12.36	11.62	9.85
May	5 216	4 802	1 000	2 406	2 104	3 802	9.25	12.49	12.01	9.84
June	5 734	5 130	900	2 561	2 233	4 231	9.25	12.50	12.50	9.86
July	4 984	4 547	900	2 591	2 261	3 648	9.25	12.50	12.18	9.84
Aug.	4 456	3 880	700	2 682	2 333	3 181	9.25	12.50	13.06	..
Sept.	5 530	4 805	700	2 984	2 608	4 106	9.25	12.50

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

³ See Bulletin April., 1979, page 1.



FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 CI Rbl SUR	Currency Index 1974=100
	1	2	3	4	5	6	7	8	9	10
1973	3.816	9.355	87.76	66.64	63.47	144.34	121.22	86.10	5.159	102.5
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1979	3.896	8.275	91.12	77.22	74.38	212.75	234.36	91.88	5.941	117.3

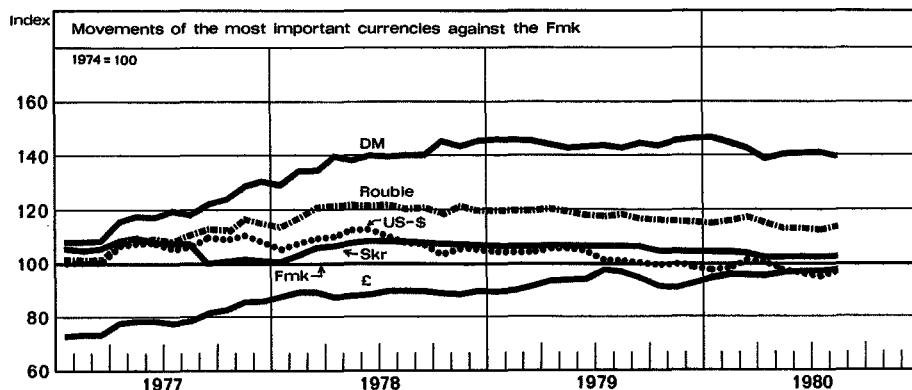
1979

Sept.	3.821	8.415	91.38	76.95	73.85	212.88	236.64	91.23	5.858	116.9
Oct.	3.780	8.132	90.09	76.39	72.57	211.60	232.68	90.46	5.845	115.4
Nov.	3.794	8.097	90.03	75.82	72.41	213.96	230.42	91.43	5.828	115.4
Dec.	3.735	8.233	89.67	75.39	69.89	215.60	233.65	92.22	5.798	115.4

1980

Jan.	3.703	8.396	89.55	75.69	69.07	214.92	232.60	92.00	5.788	115.4
Feb.	3.724	8.546	89.58	76.56	68.59	213.33	227.68	91.24	5.818	115.4
March	3.858	8.533	89.13	76.75	67.23	209.01	219.46	89.87	5.896	115.0
April	3.828	8.482	87.85	75.78	65.85	204.42	218.11	88.39	5.791	113.1
May	3.699	8.541	88.07	75.65	66.35	206.72	222.71	88.80	5.689	113.1
June	3.653	8.553	87.92	75.54	66.83	206.83	223.78	89.13	5.675	113.1
July	3.620	8.603	87.98	75.43	67.20	207.36	225.50	89.59	5.654	113.1
Aug.	3.665	8.697	88.03	75.58	66.52	204.85	222.00	88.63	5.713	113.1
Sept.	3.655	8.796	88.22	75.83	66.32	204.40	223.05	88.19	5.669	113.1

See explanations on page 22.



DEPOSITS BY THE PUBLIC

Mill. mk

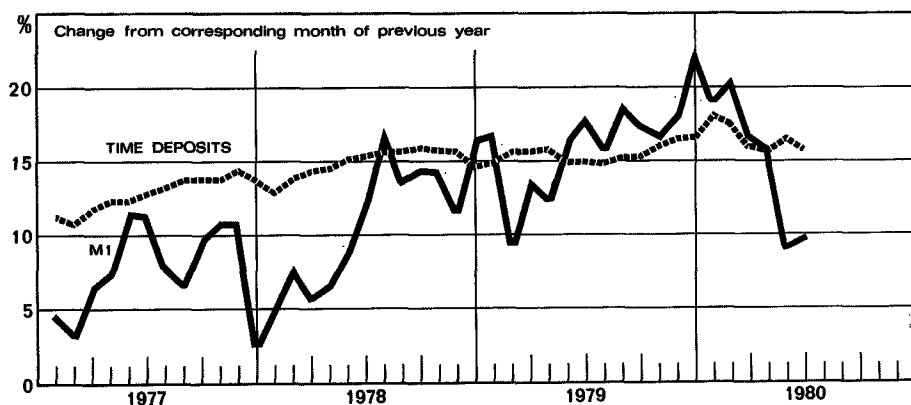
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1976	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	36 608	43 372
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1979

April	3 837	1 670	1 995	7 502	17 816	15 405	11 966	5 112	50 299	57 801
May	4 244	1 777	2 271	8 292	17 692	15 584	12 140	5 140	50 556	58 848
June	4 373	1 842	2 678	8 893	17 978	15 932	12 330	5 176	51 416	60 309
July	4 160	1 944	2 700	8 804	18 189	16 153	12 481	5 253	52 076	60 880
Aug.	4 195	1 969	2 747	8 911	18 389	16 390	12 698	5 304	52 781	61 692
Sept.	3 900	2 053	2 818	8 771	18 441	16 447	12 716	5 350	52 954	61 725
Oct.	4 232	2 111	2 493	8 836	18 877	16 556	12 852	5 403	53 688	62 524
Nov.	4 316	2 078	2 486	8 880	19 315	16 832	13 059	5 469	54 675	63 555
Dec.	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1980

Jan.	4 688	1 983	2 778	9 449	19 964	17 501	13 683	5 685	56 833	66 282
Feb.	4 009	1 903	2 697	8 609	20 150	17 787	13 983	5 772	57 692	66 301
March	4 187	1 930	2 767	8 884	20 061	17 789	13 874	5 910	57 634	66 518
April	4 173	1 975	2 977	9 125	20 335	18 039	14 137	5 722	58 233	67 358
May	4 190	2 094	2 865	9 149	20 500	18 277	14 289	5 935	59 001	68 150
June	4 826	2 133	3 275	10 234	20 656	18 588	14 479	5 847	59 570	69 804



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

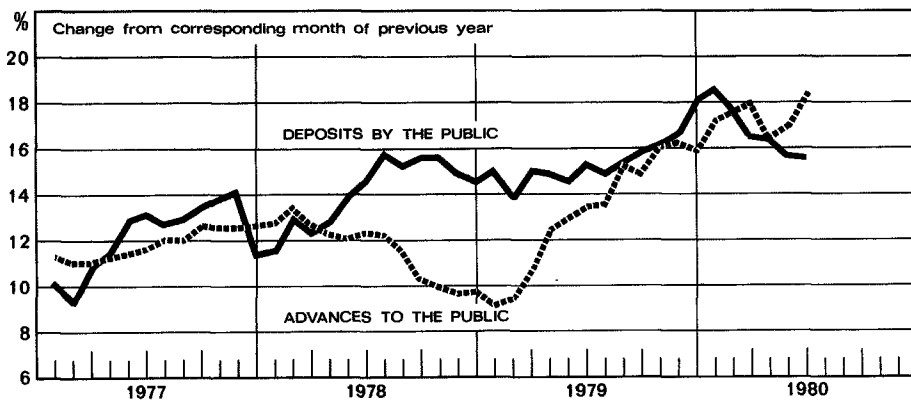
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ +Quasi- Money
	1	2	3	4	5	6	7	8	9	10
1976	22 077	10 615	9 247	6 120	42 617	1 569	3 873	48 059	9 601	47 014
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1979

April	28 170	14 598	12 548	7 342	54 374	1 816	6 468	62 658	11 557	63 183
May	28 384	14 826	12 747	7 423	55 035	1 761	6 584	63 380	12 435	64 350
June	28 860	14 991	12 940	7 631	55 528	1 781	7 113	64 422	13 269	65 833
July	28 758	15 224	13 124	7 603	56 256	1 839	6 614	64 709	13 161	66 293
Aug.	29 072	15 489	13 372	7 803	57 002	1 798	6 936	65 736	13 274	67 140
Sept.	28 923	15 732	13 595	7 848	57 931	1 914	6 253	66 098	13 008	67 117
Oct.	29 456	16 040	13 796	7 987	59 330	1 928	6 021	67 279	13 003	67 919
Nov.	29 764	16 306	14 056	8 039	60 234	2 031	5 900	68 165	13 131	69 012
Dec.	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1980

Jan.	30 524	16 754	14 395	8 399	61 745	2 158	6 169	70 072	13 767	71 810
Feb.	31 247	16 960	14 525	8 618	62 648	2 378	6 324	71 350	13 389	72 421
March	31 902	17 114	14 640	8 720	63 256	2 584	6 536	72 376	13 354	72 405
April	32 196	17 310	14 820	8 764	64 070	2 479	6 541	73 090	13 396	73 240
May	32 764	17 535	15 039	8 898	64 817	2 545	6 874	74 236	13 594	74 137
June	34 065	17 733	15 243	9 317	65 980	2 765	7 613	76 358	14 588	75 749



STATE FINANCES

Mill. mk

Revenue	Jan.-July	
	1979	1980
Income and wealth tax (net)	5 168	6 523
Gross receipts	(16 561)	(19 963)
Refunds & local authorities	(-11 393)	(-13 440)
Other taxes on income and wealth	33	148
Employers' child allowance payments	338	37
Sales tax	5 834	6 611
Customs duties and import charges and levies	620	776
Excise duties	4 321	4 882
Excise duty on alcoholic beverages	1 342	1 457
Excise duty on tobacco	484	598
Excise duty on liquid fuel	1 343	1 626
Other excise duties	1 152	1 201
Tax on autom. and motor-cycles	805	885
Stamp duties	469	594
Special diesel etc. vehicles tax	94	106
Other taxes and similar revenue	489	589
Total taxes	18 171	21 151
Miscellaneous revenue	1 506	1 881
Interest, dividends etc.	509	594
Redemptions of loans granted	347	395
Total revenue	20 533	24 021
Foreign borrowing	1 929	1 472
Domestic borrowing	1 397	1 807
Total borrowing	3 326	3 279
Deficit (+) or surplus (—)	+132	+335
Total	23 991	27 635

Expenditure	Jan.-July	
	1979	1980
Wages, salaries, pensions etc.	4 110	4 596
Repair and maintenance	522	592
Other consumption expenditure	2 224	2 585
Total consumption expenditure	6 856	7 773
State aid to local authorities	4 880	5 705
State aid to industries	3 410	3 995
of which: agric. price subsidies	(1 647)	(1 594)
Child allowances	604	693
Share in national pensions and sickness insurance schemes	193	297
Other transfer expenditure	3 090	3 299
Total transfer expenditure	12 177	13 989
Machinery and equipment	829	794
Construction of buildings	426	422
Land and waterway construction	887	1 029
Total real investment	2 142	2 245
Interest on State debt	444	660
Net deficit of State enterprises	—98	—25
Other expenditure	31	4
Total other expenditure	377	639
Increase in inventories	—116	—74
Lending	1 448	1 865
Other financial investment	314	304
Total expenditure	23 198	26 741
Redemption of foreign loans	144	148
Redemption of domestic loans	649	746
Total redemptions	793	894
Total	23 991	27 635

State debt	1978	1979	1980			
	Dec.	Dec.	April	May	June	July
Foreign debt	7 360	8 964	9 522	9 511	9 711	9 707
Loans	4 607	6 050	6 499	6 647	6 768	6 764
Compensatory obligations	1	—	—	—	—	—
Short-term credit	259	204	133	25	167	25
Cash debt (net)	—735	—596	—449	—346	—114	—805
Domestic debt	4 132	5 658	6 183	6 326	6 821	5 984
Total State debt	11 492	14 622	15 705	15 837	16 532	15 691
Total debt mill \$	2 859	3 915	4 246	4 281	4 526	4 281

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1975	20 247	28 002	-7 755
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792

1979

July	3 523	3 788	-265
Aug.	3 363	3 857	-494
Sept	3 355	3 865	-510
Oct.	4 375	4 298	+77
Nov.	4 382	4 398	-16
Dec.	3 845	4 749	-904

1980*

Jan.	4 245	4 942	-697
Feb.	3 795	4 231	-436
March	4 735	4 405	+330
April	3 790	4 483	-693
May	4 167	3 624	+543
June	4 508	5 737	-1 229
July	4 359	5 026	-667

Jan.-July

1979*	24 111	23 054	+1 057
1980*	29 599	32 448	-2 849

Indices of exports and imports
1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1975	100	100	100	100	100
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89

1978

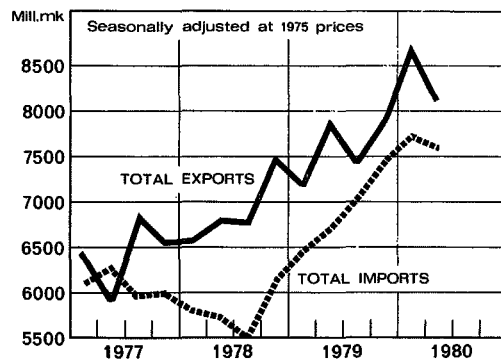
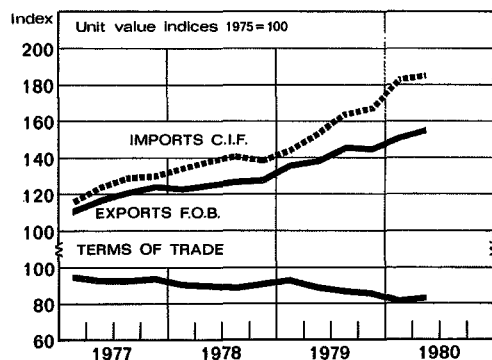
Jan.-March	124	78	124	135	92
Apr.-June	136	83	126	139	91
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92

1979*

Jan.-March	140	90	137	145	94
Apr.-June	154	94	140	154	91
July-Sept.	138	100	147	164	90
Oct.-Dec.	171	113	146	170	86

1980*

Jan.-March	166	105	152	184	83
Apr.-June	158	106	156	186	84



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91

1979

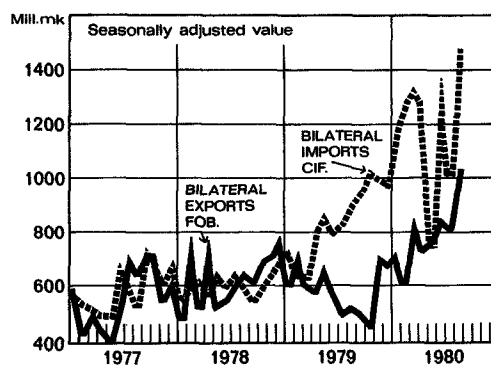
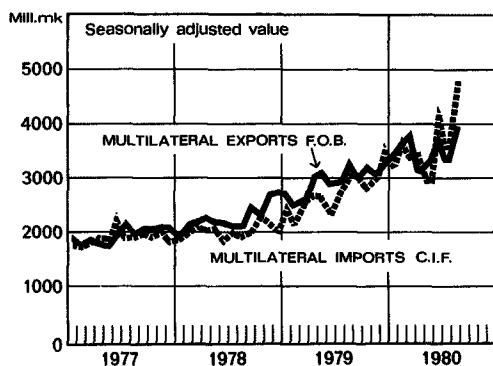
July	59	557	1 034	891	982	2 319	523	463	467	16
Aug.	58	514	1 151	639	1 001	2 529	429	424	471	4
Sept.	52	495	949	833	1 026	2 469	385	472	497	42
Oct.	56	577	1 308	1 093	1 341	2 910	364	474	548	2
Nov.	151	624	1 191	1 115	1 301	2 896	338	592	568	4
Dec.	199	554	1 158	821	1 113	3 427	276	526	516	4

1980*

Jan.	286	601	1 203	751	1 404	3 158	431	652	682	19
Feb.	39	566	1 170	829	1 191	2 808	200	534	632	57
March	247	554	1 269	1 087	1 578	2 917	191	593	703	1
April	39	542	1 007	966	1 236	2 962	150	620	749	2
May	168	660	1 357	770	1 212	2 393	196	514	518	3
June	53	806	1 334	928	1 387	4 192	435	574	530	6
July	72	704	1 549	897	1 137	3 191	539	722	572	2

Jan.-July

1979*	850	3 309	7 235	5 841	6 876	14 649	1 606	3 230	3 533	36
1980*	904	4 433	8 889	6 228	9 145	21 621	2 142	4 209	4 386	90



FOREIGN TRADE BY COUNTRIES¹

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—July				January—July			
	1979		1980*		1979		1980*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	65.7	15 850	66.2	19 595	59.6	13 726	53.5	17 364
Austria	0.7	158	0.7	215	1.3	307	1.2	395
Belgium and Luxembourg	1.4	348	1.5	443	2.0	458	1.8	591
Denmark	3.9	948	3.5	1 025	2.7	611	2.4	787
France	4.7	1 136	5.1	1 496	3.7	845	3.2	1 040
Federal Republic of Germany	11.3	2 716	11.4	3 385	13.8	3 185	12.8	4 152
Italy	2.2	520	2.6	764	2.5	586	2.5	814
Netherlands	4.1	984	4.7	1 405	2.8	648	2.6	855
Norway	4.6	1 111	4.0	1 170	2.5	566	2.0	657
Portugal	0.2	46	0.4	108	0.5	114	0.5	175
Spain	0.9	225	0.9	253	0.9	213	1.0	309
Sweden	15.0	3 617	16.6	4 901	15.1	3 464	12.4	4 019
Switzerland	1.8	444	1.8	520	2.0	460	1.6	529
United Kingdom	12.9	3 109	11.7	3 477	9.3	2 143	8.8	2 869
Other	2.0	488	1.3	433	0.5	126	0.7	172
OECD countries outside Europe	7.4	1 785	5.4	1 606	9.1	2 098	10.0	3 257
Canada	0.6	137	0.5	161	0.7	162	0.8	276
Japan	1.2	301	0.8	227	3.0	696	3.2	1 029
United States	4.7	1 133	3.1	912	5.2	1 189	5.8	1 895
Other	0.9	214	1.0	306	0.2	51	0.2	57
CMEA countries	17.1	4 123	17.9	5 291	22.6	5 197	24.8	8 053
Czechoslovakia	0.3	69	0.3	90	0.5	118	0.6	183
German Democratic Republic	0.8	193	0.6	174	0.7	137	0.5	171
Poland	0.4	108	0.6	190	1.6	375	1.9	615
Soviet Union	14.6	3 520	15.4	4 548	19.0	4 379	20.9	6 776
Other	1.0	233	1.0	289	0.8	188	0.9	308
Latin America	1.8	420	1.6	487	3.5	802	3.3	1 060
Argentina	0.3	67	0.4	132	0.3	74	0.1	47
Brazil	0.5	106	0.4	117	0.8	191	0.9	284
Colombia	0.1	32	0.1	40	0.9	216	0.9	307
Other	0.9	215	0.7	198	1.5	321	1.4	422
Other	8.0	1 933	8.9	2 620	5.2	1 194	8.4	2 714
GRAND TOTAL	100.0	24 111	100.0	29 599	100.0	23 017	100.0	32 448
of which								
EFTA countries	22.4	5 407	23.5	6 969	21.5	4 945	18.0	5 827
EEC countries	41.3	9 947	41.2	12 196	37.0	8 525	34.4	11 175
OECD countries	73.1	17 635	71.6	21 201	68.7	15 824	63.6	20 621

¹ New series. See explanations on page 22.

BALANCE OF PAYMENTS¹

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	Un- requited transfers, net	Other, net	Current account
1976	24 417	28 727	-4 310	+1 490	+ 7	+387	-2 426	-1 749	-172	-108	-4 455
1977	30 805	30 961	- 156	+1 747	- 23	+526	+2 094	-2 434	-198	- 42	- 580
1978	35 068	32 600	+2 468	+2 024	+141	+803	+5 436	-2 713	-211	+ 94	+2 606
1979*	43 302	44 523	-1 221	+2 963	+157	+312	+2 211	-2 986	-430	+270	- 935

1977

Jan.-March	6 966	6 835	+ 131	+ 415	- 85	+128	+ 589	- 506	- 65	- 17	+ 1
Apr.-June	6 825	7 761	- 936	+ 379	+ 5	+ 67	- 485	- 726	- 32	- 5	-1 248
July-Sept.	7 943	7 761	+ 182	+ 470	+112	+217	+ 981	- 532	- 50	- 14	+ 385
Oct.-Dec.	9 071	8 604	+ 467	+ 483	- 55	+114	+1 009	- 670	- 51	- 6	+ 282

1978

Jan.-March	7 753	7 445	+ 308	+ 457	- 72	+185	+ 878	- 569	- 80	+ 4	+ 233
Apr.-June	8 625	8 086	+ 539	+ 479	+ 4	+205	+1 227	- 781	- 40	+ 28	+ 434
July-Sept.	8 284	7 906	+ 378	+ 500	+217	+140	+1 235	- 617	- 42	+ 31	+ 607
Oct.-Dec.	10 406	9 163	+1 243	+ 588	- 8	+273	+2 096	- 746	- 49	+ 31	+1 332

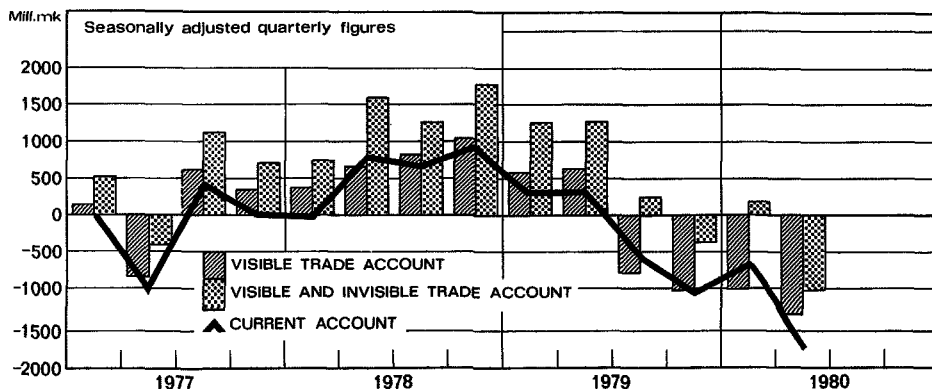
1979*

Jan.-March	9 683	9 195	+ 488	+ 667	-112	+300	+1 343	- 686	-204	+ 58	+ 511
Apr.-June	10 847	10 213	+ 634	+ 730	+ 13	- 76	+1 301	-1 003	- 91	+ 69	+ 276
July-Sept.	10 210	11 585	-1 375	+ 733	+251	+ 75	- 316	- 711	- 51	+ 75	-1 003
Oct.-Dec.	12 562	13 530	- 968	+ 833	+ 5	+ 13	-117	- 586	- 84	+ 68	- 719

1980*

Jan.-March	12 737	13 631	- 894	+ 784	-108	+324	+ 106	- 787	-152	+ 1	- 832
------------	--------	--------	-------	-------	------	------	-------	-------	------	-----	-------

¹ Revised figures. See item on page 30 and explanations on page 22.

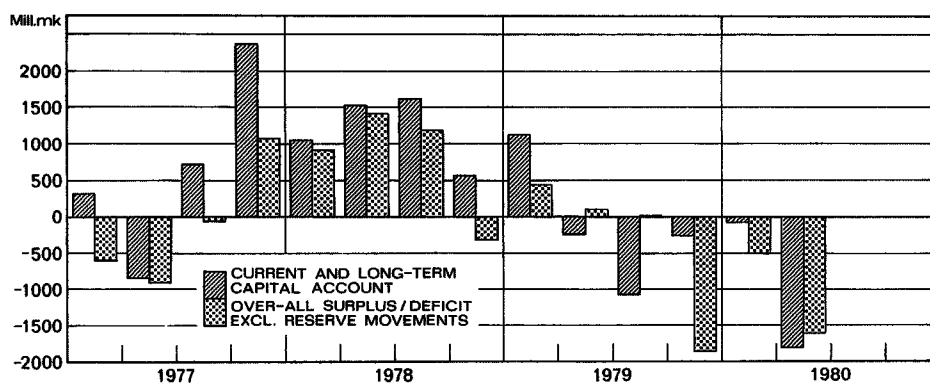


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+6 130	-1 785	-191	+ 48	+4 202	- 253	+ 138	-1 288	+1 468	+ 65	- 115	+ 50
+6 454	-2 745	-241	-229	+3 239	+2 659	-1 547	- 470	-1 085	- 443	- 216	+ 659
+9 007	-5 743	-774	-229	+2 261	+4 867	+ 130	-2 188	+ 481	+3 290	-2 589	- 701
+6 230	-4 843	-541	-416	+ 430	- 505	+ 831	- 834	- 793 ²	-1 301	- 122	+1 423
+1 022	- 550	-127	- 24	+ 321	+ 322	- 799	+ 149	- 256	- 584	- 161	+ 745
+1 273	- 857	+ 35	- 37	+ 414	- 834	- 333	+ 149	+ 155	- 863	+ 315	+ 548
+1 252	- 647	-156	- 89	+ 360	+ 745	+ 227	- 384	- 660	- 72	- 302	+ 374
+2 907	- 691	+ 7	- 79	+2 144	+2 426	- 642	- 384	- 324	+1 076	- 68	-1 008
+1 876	- 854	-166	- 17	+ 839	+1 072	- 479	- 402	+ 799	+ 990	-1 622	+ 632
+2 900	-1 733	- 1	- 51	+1 115	+1 549	+ 328	- 402	- 40	+1 435	- 722	- 713
+2 265	-1 089	- 96	- 39	+1 041	+1 648	+ 20	- 692	+ 202	+1 178	- 641	- 537
+1 966	-2 067	-511	-122	- 734	+ 598	+ 261	- 692	- 480	- 313	+ 396	- 83
+2 202	-1 626	- 8	+ 50	+ 618	+1 129	- 19	- 63	- 601 ²	+ 446	-1 232	+ 786
+1 267	-1 453	-218	-174	- 578	- 302	+ 39	- 62	+ 429	+ 104	-2 100	+1 996
+1 258	- 892	-336	-105	- 75	-1 078	+ 422	- 354	+1 024	+ 14	+ 985	- 999
+1 503	- 872	+ 21	-187	+ 465	- 254	+ 389	- 355	-1 645	-1 865	+2 225	- 360
+2 108	-1 113	-171	- 70	+ 754	- 78	- 619	- 355	+ 549 ²	- 503	- 83	+ 586

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

¹ Including Direct investment, net.

² Including Allocations of Special drawing rights 139 million in 1979 and 133 million in 1980.



FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9—4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1976	1 969	1 342	479	3 790	17 484	4 571	1 497	169	23 721	19 931
1977	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675

1977

March	2 094	1 312	489	3 895	17 598	4 974	1 632	163	24 367	20 472
June	2 175	1 404	508	4 087	19 150	5 483	1 708	156	26 497	22 410
Sept.	2 238	1 499	713	4 450	20 364	5 509	1 700	156	27 729	23 279
Dec.	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741

1978

March	2 499	1 673	840	5 012	25 107	6 068	1 774	159	33 108	28 096
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660

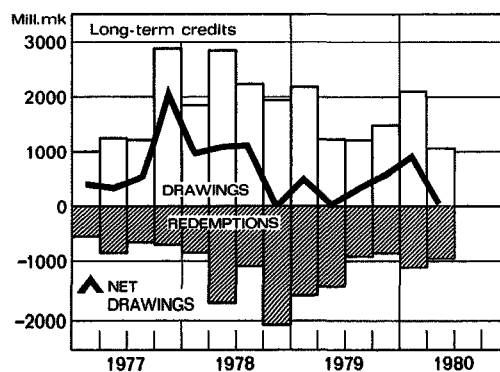
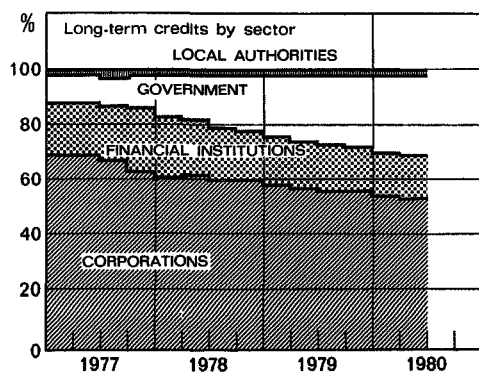
1979*

March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675

1980*

March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
-------	-------	-------	-----	-------	--------	-------	-------	-----	--------	--------

See explanations on page 22.

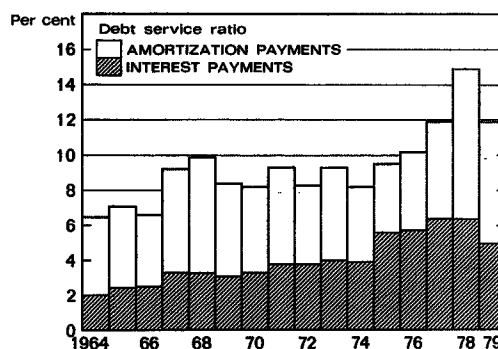
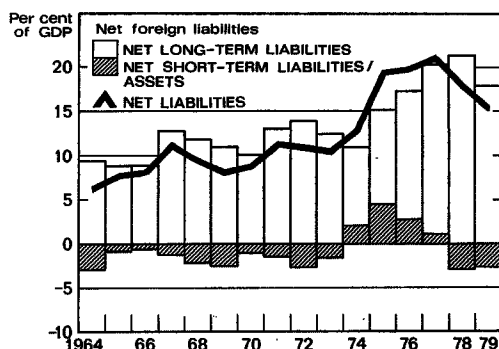


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10 + 19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
3 630	3 087	5 676	12 393	1 201	4 812	9 486	15 499	3 106	23 037	3 103	1 354
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	4 516	2 082
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	6 622	3 769
7 918	6 504	9 129	23 551	2 340	9 333	7 566	19 239	-4 312	24 363	6 457	3 472
3 798	2 641	5 690	12 129	1 187	4 997	8 779	14 963	2 834	23 306	778	272
3 686	2 504	5 703	11 893	1 295	5 444	8 606	15 345	3 452	25 862	1 418	692
4 042	2 984	6 076	13 102	1 406	6 382	8 905	16 693	3 591	26 870	1 114	-582
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	1 206	536
5 491	3 409	7 233	16 133	1 293	6 594	7 559	15 446	-687	27 409	1 392	779
6 748	4 097	7 456	18 301	1 772	6 610	7 751	16 133	-2 168	27 621	1 493	673
7 003	4 412	7 779	19 194	1 483	6 264	7 419	15 166	-4 028	26 850	1 628	984
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	2 109	1 333
7 804	4 072	8 289	20 165	1 611	6 692	7 332	15 635	-4 530	25 432	1 970	1 284
9 871	3 939	8 482	22 292	1 604	8 404	7 476	17 484	-4 808	23 979	2 085	1 082
8 601	4 141	8 787	21 529	1 579	7 620	7 808	17 007	-4 522	23 609	1 315	604
7 918	6 504	9 166	23 588	2 340	9 333	7 816	19 489	-4 099	24 576	1 087	502
8 707	6 862	9 402	24 971	3 113	10 175	6 746	20 034	-4 937	24 123	1 757	937

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100 ¹						Building costs 1973 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1978	727	125.8	124.1	131.8	119.2	140.3	129.5	180.8	161.0	186.0
1979	791	138.0	135.0	148.7	133.1	150.7	139.2	198.8	177.6	204.1
1979										
Nov.	829	145.0	141.2	158.3	141.5	156.1	143.9	206.0	179.1	214.0
Dec.	834	145.7	141.8	159.6	142.4	156.4	144.7	208.3	181.0	216.2
1980										
Jan.	849	148.3	144.3	162.4	145.6	158.4	146.2	212.0	182.1	220.0
Feb.	859	150.2	146.3	163.8	147.3	161.0	148.2	214.0	182.1	222.9
March	882	154.1	150.1	168.1	153.1	161.5	150.1	216.1	182.6	225.8
April	899	157.2	152.4	173.9	157.6	162.7	151.3	218.8	182.6	229.0
May	912	159.4	154.9	175.3	159.9	165.5	153.1	224.6	194.5	232.1
June	919	160.7	156.0	177.0	160.6	167.1	155.5	226.3	194.5	234.2
July	934	163.2	158.5	179.5	163.3	169.3	157.6	226.6	194.9	234.5
Aug.	939	164.0	159.9	176.7	163.3	171.6	159.4	228.1	194.9	236.4

¹ New series, see item Bulletin 10/1979.

Period	Consumer prices 1977 = 100 ¹										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4
1979											
Nov.	119.3	112.3	129.4	122.8	115.6	121.4	119.4	126.9	123.3	117.8	123.0
Dec.	119.9	112.1	129.6	123.0	115.6	124.1	119.7	126.9	126.0	118.0	123.4
1980											
Jan.	121.3	113.3	138.6	121.1	115.6	124.7	122.2	131.1	126.3	118.8	125.6
Feb.	123.1	114.4	138.6	123.8	116.0	130.5	122.9	133.2	130.6	119.2	127.8
March	124.3	115.4	138.6	126.0	116.0	133.6	123.6	133.4	134.3	119.3	128.6
April	126.7	120.3	139.2	131.4	116.0	133.9	125.8	134.7	135.7	122.7	129.8
May	128.1	122.4	139.3	131.9	118.1	142.7	126.1	134.8	136.9	123.3	130.1
June	128.6	122.6	139.4	131.8	118.1	143.3	127.0	136.3	137.4	123.6	132.3
July	129.4	124.4	139.4	130.1	118.1	143.8	127.7	136.4	138.9	124.0	133.3
Aug.	131.1	124.8	139.4	131.6	126.6	144.0	128.3	140.3	138.6	125.0	133.4

¹ New series.

WAGES

Index of wage and salary earnings 1975 = 100¹

Period	By industries				By institutional sectors			All salary earners	All wage earners	All employees
	Wage earners in			Employees in services	State employees	Municipal employees	Employees in private sector			
	Agriculture	Industry	Construction							
1978	146.3	137.0	123.2	131.8	131.5	128.0	135.1	132.9	134.4	133.6
1979*	162.1	151.6	134.1	149.0	145.6	141.7	150.8	148.4	149.2	148.8

1979*										
Jan.-March	155.8	147.3	130.6	144.8	142.1	138.8	146.2	144.9	144.3	144.6
Apr.-June	159.8	153.1	135.0	148.4	145.8	142.0	150.9	147.8	150.1	148.9
July-Sept.	162.6	151.3	133.4	149.2	145.9	141.7	151.3	148.9	149.4	149.1
Oct.-Dec.	168.1	154.6	137.5	153.5	148.5	144.3	154.9	152.1	152.9	152.5

1980*										
Jan.-March	168.8	160.2	141.1	157.6	152.2	148.1	159.3	156.1	157.5	156.8
Apr.-June	178.0	171.5	150.2	166.1	160.9	155.6	169.8	165.0	168.3	166.6

¹ New series, see item Bulletin 1/1980.

PRODUCTION

Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1978*										
Jan.-March	100	106	70	122	77	87	91	83	115	104
Apr.-June	102	107	80	110	79	90	101	92	115	108
July-Sept.	97	90	148	62	99	86	102	91	115	104
Oct.-Dec.	109	111	71	149	104	88	112	101	117	109

1979*										
Jan.-March	106	116	74	148	72	85	99	88	118	107
Apr.-June	109	113	80	175	72	90	111	100	118	112
July-Sept.	104	100	145	75	95	87	113	99	118	107
Oct.-Dec.	117	120	68	162	115	91	126	108	120	113

1980*										
Jan.-March	111	124	69	152	78	87	109	95	121	110

PRODUCTION

Index of industrial production 1975 = 100¹

Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1976	101.2	100.9	100.3	101.6	96.6	112.1	105.5	103.7	93.2	99.9	101.3
1977	101.8	93.6	100.9	104.4	96.3	199.0	104.6	101.0	94.7	98.7	101.9
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	109.6	93.5	99.6	107.0
1979*	118.2	94.4	116.9	125.0	110.4	153.2	136.0	123.7	102.3	110.8	118.4

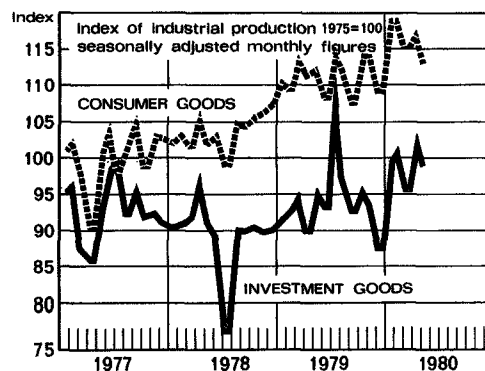
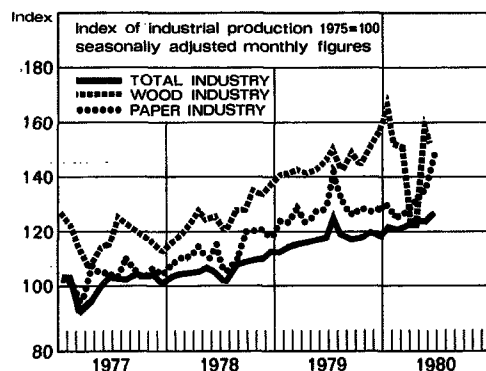
1979*

May	129.0	104.7	125.8	136.9	116.6	196.8	143.1	140.7	114.2	124.4	125.0
June	111.5	93.4	110.6	116.6	106.3	171.0	109.1	114.0	110.5	109.2	118.2
July	72.6	44.7	66.6	82.8	100.0	76.7	125.1	73.8	68.1	49.5	69.8
Aug.	123.3	99.1	124.0	129.4	118.9	141.3	142.9	132.5	116.6	116.2	115.2
Sept.	119.6	96.6	117.2	126.7	111.2	156.9	143.3	121.4	111.9	113.1	123.0
Oct.	134.5	112.6	133.5	140.6	134.0	173.2	152.3	135.1	125.7	130.3	125.6
Nov.	134.2	111.5	134.6	139.9	129.5	170.6	146.5	139.5	118.6	128.7	130.6
Dec.	112.2	86.3	112.3	119.0	100.2	138.5	127.8	105.3	82.5	102.8	125.3

1980*

Jan.	131.9	108.9	130.9	138.3	106.1	167.1	146.1	137.9	108.3	124.6	127.3
Feb.	124.3	101.7	122.5	131.0	101.1	160.9	137.3	136.0	105.4	117.5	126.4
March	131.6	106.3	128.9	139.5	106.6	175.7	149.3	150.0	106.4	124.0	130.2
April	124.6	103.0	122.2	131.4	110.7	188.6	130.1	142.1	109.1	119.7	132.1
May	129.0	110.7	126.8	134.8	121.0	203.3	132.5	144.5	114.7	128.3	130.6
June	121.0	102.9	116.4	127.7	110.2	170.5	129.3	133.6	112.7	117.2	127.0

¹ New series.



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Whole-sale volume index 1972 = 100
1976	3 547	2 254	2 163	91	4.0	27 305	123	127
1977	3 561	2 248	2 111	137	6.1	27 814	113	120
1978	3 578	2 253	2 084	169	7.5	29 021	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1979*								
Aug.	3 592	2 347	2 227	120	5.1	1 368	122	146
Sept.	3 594	2 250	2 140	110	4.9	2 054	113	141
Oct.	3 597	2 247	2 131	116	5.2	3 007	120	154
Nov.	3 596	2 227	2 121	106	4.8	3 421	118	152
Dec.	3 598	2 250	2 119	131	5.8	3 373	145	139
1980*								
Jan.	3 601	2 232	2 098	134	6.0	3 644	107	133
Feb.	3 603	2 228	2 110	118	5.3	4 579	105	130
March	3 602	2 240	2 113	127	5.6	3 735	111	142
April	3 603	2 229	2 114	115	5.2	2 541	116	134
May	3 606	2 288	2 190	98	4.3	4 140	120	146
June	3 603	2 486	2 373	113	4.5	3 125	119	137
July	3 605	2 490	2 371	119	4.8	1 640

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-works under construction
	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										
1977	41.88	18.86	4.22	12.11	3.71	43.70	18.10	3.07	16.80	3.33	48.12
1978	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1979*	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1979*											
Jan.-March	7.75	3.32	1.23	1.95	0.77	7.93	3.47	0.71	2.84	0.62	38.86
Apr.-June	19.16	7.45	2.77	7.22	0.68	6.99	3.24	0.45	2.16	0.79	47.04
July-Sept.	11.74	4.47	1.32	3.79	1.16	7.92	3.18	1.15	2.06	0.87	52.84
Oct.-Dec.	9.99	3.46	1.02	3.59	1.38	14.13	6.39	1.91	4.26	0.89	47.62
1980*											
Jan.-March	8.55	3.38	1.04	3.13	0.55	8.18	3.69	0.73	2.72	0.73	44.40

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector:* Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Capital import deposits + Other public sector claims. 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 liabilities, net = Capital import deposits + Other financial institution claims — Bonds — Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims — Bonds — Other corporate receivables.

MONETARY POLICY INDICATORS

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

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the discount rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the basic discount rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FOREIGN EXCHANGE RATES

Page 7. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers.

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

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

Page 8. *Deposits by the public.* The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 9. *Advances to the public.* The central government and the financial institutions are not included in the public. Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply. M_1 = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland). Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

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

STATE FINANCES

Page 10. Official figures computed by the Economic Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. 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 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): 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. 13): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 14—15. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling. On Jan. 1, 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

FOREIGN ASSETS AND LIABILITIES

Pages 16—17. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector.

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 Debt service does not include amortisation of the Bank of Finland credit facilities.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *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 — CONSTRUCTION OF BUILDINGS

Page 21. *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, — Break in series.

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 since 1956 and he was re-elected for the period March 1, 1978, to March 1, 1984.

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 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

INTERNATIONAL ORGANIZATIONS

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

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 (8.6%) 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 (1978): 4.8 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1978): In South Finland 46.5, in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.6 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1978): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 484 879 inhabitants, Tampere (Tammerfors) 165 519, Turku (Åbo) 164 586.

EMPLOYMENT (1978): Agriculture and forestry 12%, industry and construction 34%, commerce 15%, transport and communication 8%, services 31%.

LANGUAGE (1978): Finnish speaking 93.5%, Swedish speaking 6.4%, others 0.1%.

EDUCATION (1979): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 16 colleges of university standard.

CHANGE OF POPULATION (1978): births 13.5‰, deaths 9.4‰, change + 2.3‰, net emigration - 1.9‰. Deaths in France 10.3‰ and Great Britain 11.7‰ (1977).

TRADE AND TRANSPORT

NATIONAL INCOME (1979, in million marks): Gross domestic product at factor cost by industrial origin; agriculture 6 191 (4%), forestry and fishing 7 198 (5%), manufacturing 46 699 (32%), construction 10 478 (7%), trade, restaurants and hotels 16 307 (11%), transport and communication 12 375 (9%), banking and insurance 5 145 (4%), ownership of dwellings 10 217 (7%), other services 29 808 (21%), total 144 418. Index of real domestic product 112 (1975 = 100).

FOREST RESOURCES (1978). The growing stock comprised of 1 553 million m³ (solid volume with bark) of which 45% was pine and 37% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 668 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 59.9 million m³ and the total removal, calculated on the basis of roundwood consumption was 42.5 million m³.

AGRICULTURE (1978): Cultivated land 2.3 million hectares. Number of holdings 232 800 of which 159 600 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%.

INDUSTRY (1978). Gross value of industrial production 115 120 mill. marks, number of workers 388 322, salaried employees 132 712, motive power (1978) 7.6 mill. kW. Index of industrial production 105 for 1978 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1979): Length 6 080 km.

MERCHANT FLEET (June 30, 1980): Passenger vessels 141 (210 435 gross reg. tons), tankers 41 (1 194 372 gross reg. tons), dry cargo vessels 212 (1 026 177 gross reg. tons), other vessels 87 (11 549 gross reg. tons), total 481 (2 442 533 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1979): Passenger cars 1 169 501 lorries and vans 143 095, buses 8 826, others 8 136, total 1 329 558.

FINNISH AIRLINES (July 1, 1980): Finnair and Kar-Air have in use 4 DC-8, 1 DC-8-ST, 8 Super Caravelles, 9 DC-9 10/14/15, 8 DC-9-51, 2 DC-10-30, 2 Fokker F-27 and 1 Convair Metropolitan. Companies have scheduled traffic outside of Finland to 37 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). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 18.8, Skr 17.4, £ 13.9, DM 13.3, \$ 10.0, other currencies 26.6. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

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, 1979). There are two big and five small commercial banks with in all 863 offices, 278 savings banks, 373 co-operative banks, five mortgage banks. Postipankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-six private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1980). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ¼%. The range of rates for other credits granted by the Bank of Finland is between 7 ½% and 10 ¼%. Other credit institutions time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¼%; 24 month deposits 9% 36 month deposits 9 ¾% + savings premium; 36 month deposits 9 ¾% + tax concession and sight deposits 2%. The highest lending rate 12 ½%.

THE FINNISH CHEMICAL INDUSTRY

by Raili Nuortila, M.Sc. (Eng.), M.Sc. (Econ.)

Managing Director
Chemical Industry Federation

During the last decade, the Finnish chemical industry — like its counterparts in most west European countries — grew faster than industry as a whole. In Finland, however, the chemical industry's range of products represents but a fraction of the great variety of products traditionally made in the leading countries in this field. Finland's indigenous raw material base, market considerations, etc, have been instrumental in determining in which areas the Finnish chemical industry has chosen to specialise. In these sectors it has achieved a high level of technological and managerial expertise, to which has been added experience gained on the world market. Thus, the chemical industry has developed into one of the most important industrial branches in Finland. The main branches and their contribution to total industrial production are:

	Percentage of industrial production (1979)	
	gross value	value added
Forest industries	26.9	27.3
Metal and machinery	22.5	28.6
Foodstuffs	16.4	10.6
Chemical industry	13.4	11.2

THE DEVELOPMENT OF THE CHEMICAL INDUSTRY

Although a few of the chemical industry's product lines date from the nineteenth century and some of them from the beginning of the present century, the real birth of the chemical industry is generally associated with the commencement of sulphuric acid production in 1922. In the initial stages, the Finnish chemical industry had strong ties with both agriculture and the forest industries, and it

was to serve the needs of these that the sulphuric acid and superphosphates industry, chlorine and alkali production, the nitrogen industry and the production of various sulphates were developed. New methods of cultivation in agriculture involving an expansion in the use of fertilizers provided the chemical industry with opportunities for growth. For many decades, the forest industries constituted the most important branch of industry in Finland and, in particular, the country's leading export sector. Originally, many of the heavy chemicals needed by the pulp and paper industries had to be imported, but gradually more and more of them were included in the product range of the domestic chemical industry. In addition, with the growth of the forest industries there was more scope for the expansion of the chemical industry as well.

As late as the 1950s, when oil refining also got under way, production was still primarily concerned with satisfying domestic needs. It was not until the 1960s and 1970s that the

CHART 1. CHEMICAL INDUSTRY'S CONTRIBUTION TO FINNISH INDUSTRIAL PRODUCTION (GROSS VALUE OF PRODUCTION) IN 1959—1979, PER CENT

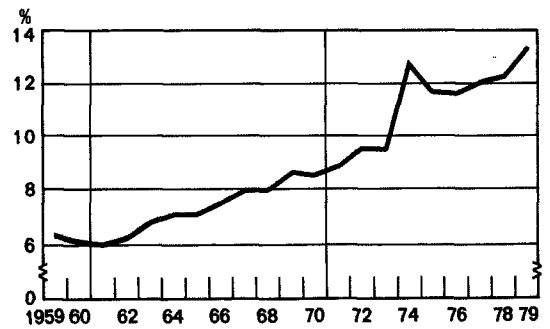
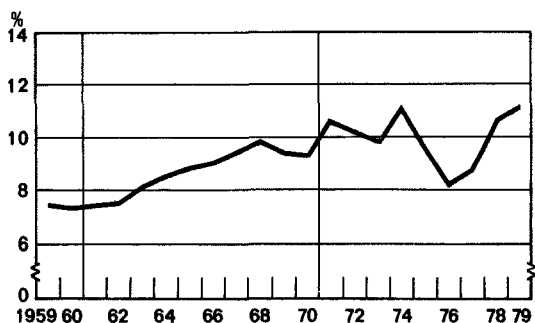


CHART 2. CHEMICAL INDUSTRY'S CONTRIBUTION TO FINNISH INDUSTRIAL PRODUCTION (VALUE ADDED) IN 1959-1979, PER CENT



chemical industry developed into an independent and multifarious branch of industry, aiming not only to refine domestic raw materials to the highest degree possible but also to develop production based upon imported raw materials, whenever justified on technological and commercial grounds. Only through the adoption of this approach has it been possible for the chemical industry to attain its present position, as shown in Charts 1 and 2.

PRODUCTION

The gross value of the production of the Finnish chemical industry in 1979 amounted to 18 538 million marks and its value added to 5 762 million marks. It should be pointed out here that the chemical industry comprises the whole of group 35 according to the ISIC (International Standard Industrial Classification) system. The shares of the various sub-groups in the total production values of the chemical industry are shown in Charts 3 and 4, the gross value figures in the former and those for value added in the latter.

The chemicals group, accounting for 29 per cent of total production by value, can be subdivided into industrial chemicals, fertilizers and pesticides, and plastic raw materials. Industrial chemicals are further subdivided into inorganic and organic chemicals. Of the

inorganic industrial chemicals, a large proportion consists of such basic products as chlorine and alkali together with sodium chlorate and hypochlorites, ammonia, nitric acid, sulphuric acid, sulphuric dioxide, phosphoric acid, calcium chloride, atmospheric gases, various sulphates, and two important oxides, namely, titanium dioxide and vanadium pentoxide. In addition, a great variety of inorganic chemicals are produced in smaller quantities. As regards organic industrial chemicals, the chief products are ethylene, propylene, butadiene, and benzene. Even though a number of other organic industrial chemicals

CHART 3. FINNISH CHEMICAL INDUSTRY BY MAIN SECTOR IN 1979 (GROSS VALUE OF PRODUCTION), MILL. MK AND PER CENT

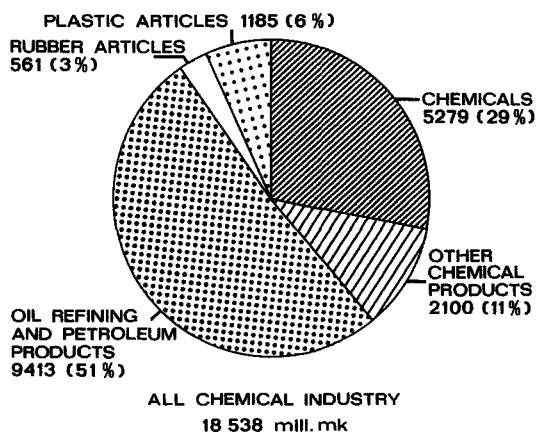
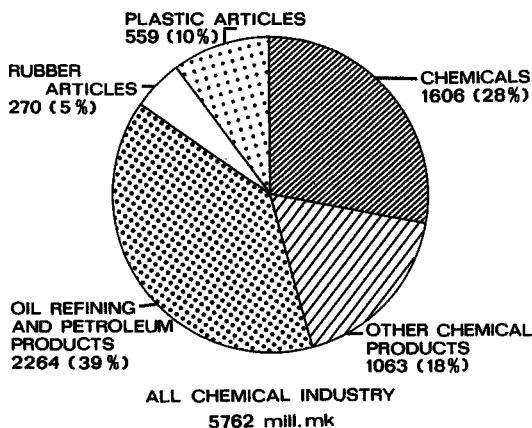


CHART 4. FINNISH CHEMICAL INDUSTRY BY MAIN SECTORS IN 1979 (VALUE ADDED), MILL. MK AND PER CENT



are produced in Finland, these four products account for three-quarters of the total value of output in this group.

Production of fertilizers is one of the oldest branches of the chemical industry, although it has undergone some far-reaching changes during recent years. Thus, fertilizers as finished products have been developed to better correspond to the needs of agriculture. Moreover, an important change also occurred in the raw material base with the beginning of domestic apatite mining at the end of last year. In 1979, output of fertilizers totalled 1.4 million tonnes.

Production of plastics first became important in the chemical industry in 1972 when both a low density polyethylene plant and a polyvinyl chloride plant started operations. Last year LDPE production amounted to 140 000 tonnes and PVC production to 52 000 tonnes. In addition to these products, polystyrene is also manufactured in Finland, output totalling 30 500 tonnes in 1979. Apart from these major products, a variety of other plastic materials is produced, including alkydes, polyesters, polyvinyl acetates, acrylates etc. Typical products of the Finnish chemical industry are those based on cellulose, such as carboxymethyl cellulose and viscose fiber.

Oil refining was started 23 years ago. The present refining capacity is 15 million tonnes, of which 81 per cent was utilized in 1979. The total oil input of 12.2 million tonnes includes about 450 000 tonnes of crude processed for a Swedish oil company. Oil refining and petroleum products account for 51 per cent of the gross value of the production of the chemical industry, while their share of total value added is 39 per cent.

The group of other chemical products accounts for 11 per cent of the gross value of the production of the chemical industry but its share in value added is as high as 18 per cent. The explanation for this difference lies in the nature of these products. Most of the sub-groups consist entirely, or at least partly, of consumer goods, such as pharmaceutical products

paints and varnishes, soap and detergents, cosmetics and other toiletries, and a great variety of technochemical products. Explosives, glues, candles, printing inks, and even matches also fall into this group.

There are 13 companies in the pharmaceutical industry, their share of the domestic market amounting to 58 per cent. In addition to pharmaceutical specialities, an increasing number of pharmaceutical fine chemicals are currently being produced by several companies. In 1979, the gross value of the production of the pharmaceutical industry amounted to 750 million marks.

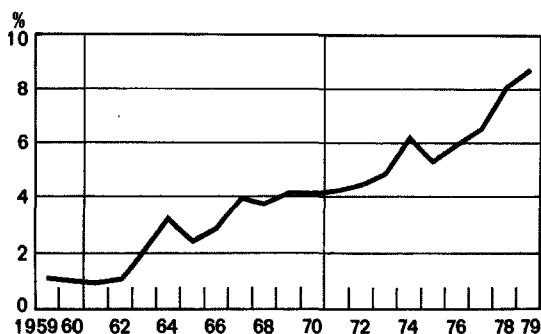
Roughly a dozen companies produce paints, varnishes, and printing inks, and the value of their combined production in 1979 is estimated to have been slightly more than 500 million marks.

Cosmetics, detergents, and a wide range of other chemical household products are made in Finland by a number of enterprises, most of which are fairly small. The value of their production is estimated to have been 570 million marks in 1979.

EXPORTS

The chemical industry was originally established in Finland to meet the requirements of the domestic market, and especially those of

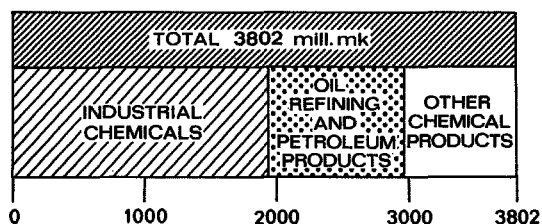
CHART 5. CHEMICAL INDUSTRY'S CONTRIBUTION TO FINNISH EXPORTS IN 1959-1979, PER CENT



agriculture and the forest industries. Some chemical industry products were exported but until the beginning of the 1960s, they accounted for less than 1 per cent of total Finnish exports. The first significant export product of the Finnish chemical industry was titanium dioxide, the production of which started about 20 years ago. Production of titanium dioxide is based on domestic raw materials and it continues to be one of the leading exports of the chemical industry. Last year 262 million marks' worth of titanium dioxide, accounting for over 85 per cent of total production, was exported to 60 countries.

Since the beginning of the 1960s, a number of other products have also become important export items. As Chart 5 illustrates, the share of the chemical industry in total Finnish exports has increased from 1 per cent to nearly 9 per cent over the past twenty years.

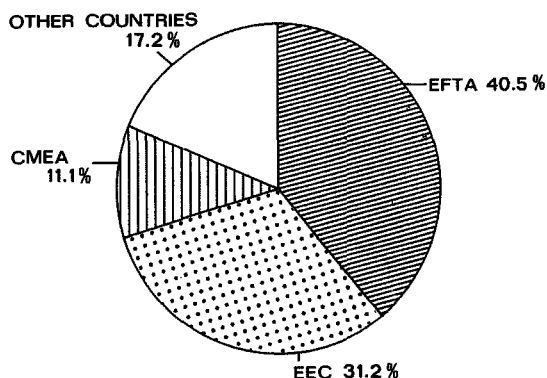
CHART 6. BREAKDOWN OF FINNISH CHEMICAL INDUSTRY EXPORTS BY MAIN SECTOR IN 1979, MILL. MK



In 1979, the value of chemical industry exports amounted to 3 802 million marks, so that about one fifth of total production was exported. The breakdown of exports into various groups of products is shown in Chart 6, and the geographical distribution of exports is illustrated in Chart 7. It should be noted here that, the chemical industry being so heterogeneous, the distribution of exports by trading partner varies considerably from one product group to another and even between the various companies.

The chemical industry seems likely to go on increasing its share of total Finnish exports. In January—June 1980, the value of chemical

CHART 7. DISTRIBUTION OF FINNISH CHEMICAL INDUSTRY EXPORTS BY TRADING PARTNER IN 1979, PER CENT



industry exports was up 82 per cent on the corresponding period of 1979, the chemical industry accounting for 12.3 per cent of total Finnish exports. Although this exceptional rate of growth cannot be expected to continue throughout the year, it indicates the trend of development.

CHEMICAL ENGINEERING AND FUTURE RESEARCH

As a small country Finland cannot engage in basic research to the same extent as large industrial countries. This means that initially the technology for many basic processes has to be purchased abroad. Nevertheless, Finnish industry has acquired a great deal of experience in the application of technology, enabling it to develop new and original techniques. Some of these techniques could be adapted as constituent processes in fields different from those in which the development first took place. Finnish industry has also developed new arrangements for the transportation and the storage of raw materials and finished products, and significant research and development work is being carried out in the field of product applications.

A number of companies have recently begun to offer their technological know-how on the world market. In some cases a special Chemical Engineering Division has been set up for this

purpose, while in other instances the work is being carried out in co-operation with an experienced engineering company. Such co-operation may also be available from within the company, as several Finnish forest and chemical industry enterprises have an engineering works division as well.

As to the future development of the Finnish chemical industry, there seems to be room for further growth. Partly this is to be found in the expansion of exports, as the majority of present export products have only recently been launched on the world market. Partly the opportunities for growth will depend on the results of intensive research work. This is being conducted in two main fields in particular, one of which involves developing technology for the use of domestic raw-materials, such as peat in the chemical industry, while the other entails the further development of existing chemical processes to meet the requirements of environment protection.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor, absent as Prime Minister

Ahti Karjalainen <i>Deputy Governor, Acting Governor</i>	Pentti Uusivirta
Rolf Kullberg <i>Deputy Governor, ad nt.</i>	Ele Alenius
Harri Holkeri	Seppo Lindblom <i>ad int.</i>

Directors

Markku Puntila	Seppo Lindblom
Eino Helenius	Pentti Koivikko
Kari Nars	Antti Lehtinen

Senior officials

Pertti Kukkonen <i>Director, ADP-planning</i>	Reino Airikkala <i>Monetary Policy</i>
Raimo Hyvärinen <i>Domestic Financing</i>	Kari Pekonen <i>Exchange Policy</i>
Osmo Soikkeli <i>Deputy, Foreign Exchange</i>	Kari Holopainen <i>Bilateral Trade</i>
Antti Saarlo <i>Special Bilateral Affairs</i>	Pekka Tukiainen <i>Foreign Financing</i>
J. Ojala <i>Exchange Control</i>	Sirkka Hämäläinen <i>Deputy, Economics Dept.</i>
Heikki Koskenkylä <i>Research Dept.</i>	Markku Pietinen <i>Information</i>
H. T. Hämäläinen <i>Administration</i>	Timo Männistö <i>Internal Audit</i>
U. Levo <i>International Legal Affairs</i>	Erkki Vehkamäki <i>Data Processing</i>
Anton Mäkelä <i>Personnel</i>	Stig G Björklund <i>Payments</i>

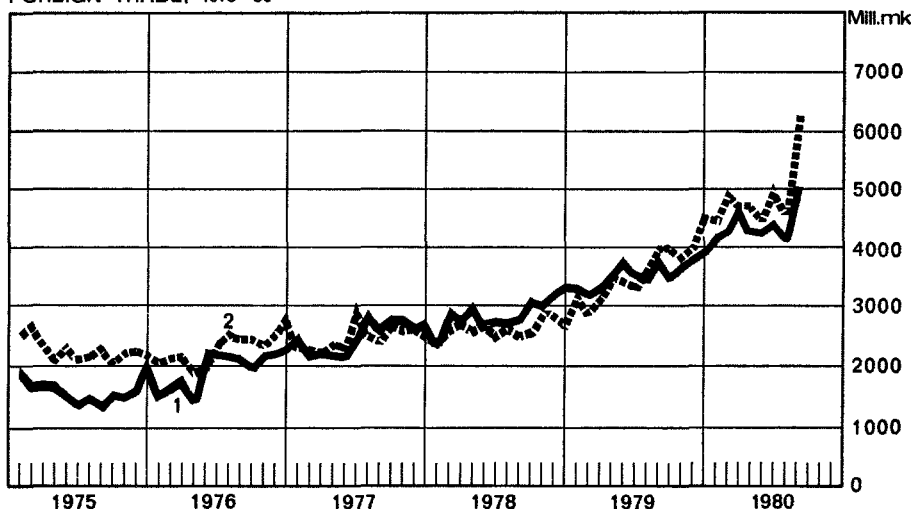
Reijo Mäkinen
Cash

FOREIGN TRADE, 1975 - 80

1. Exports f.o.b.

2. Imports c.i.f.

Seasonally
adjusted monthly
figures



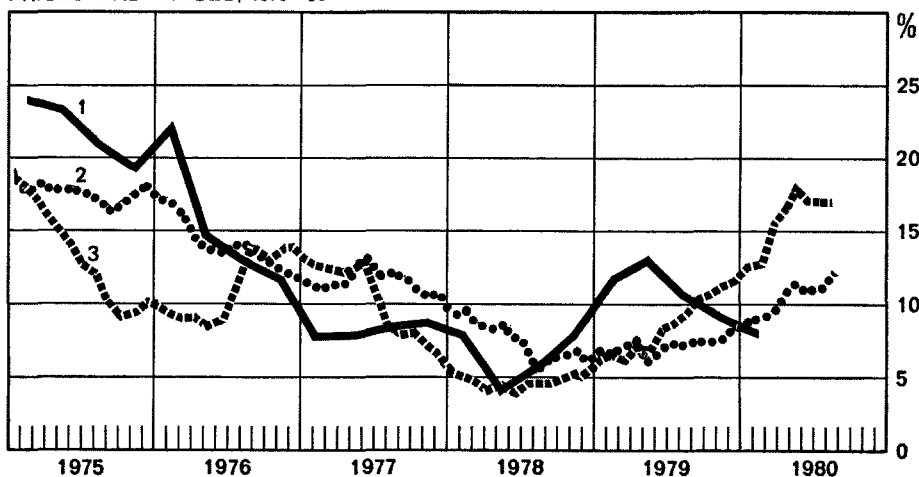
PRICES AND WAGES, 1975 - 80

1. Index of wage
and salary earn-
ings 1975 = 100,
quarterly figures

2. Consumer price
index 1977 = 100,
monthly figures

3. Wholesale price
index 1949=100,
monthly figures

Percentage
change over
previous year



PRODUCTION, 1975-80

1. Total index of in-
dustrial produc-
tion 1975 = 100,
seasonally adjust-
ed monthly figures

2. Volume index of
gross domestic
product 1975 =
100, seasonally
adjusted quarterly
figures

