



BANK OF FINLAND

MONTHLY BULLETIN

Vol. 38 No. 8

AUGUST

1964

RECENT DEVELOPMENTS

FOREIGN TRADE

During January—May of this year, there was a deficit of 455 million marks in Finland's balance of trade, against the deficit of 215 million recorded for the corresponding period last year. However, to some extent this comparison exaggerates the tendency to deterioration in the trade balance, because the strikes which occurred in Finland in the early months of 1963 affected imports more than exports. Admittedly, imports have increased substantially during the current year, but exports also have grown, as economic activity has accelerated in the purchaser countries.

The total value of Finnish exports in January—May was 1 487 million marks. Of this amount, 238 million relates to exports of wood industry products. It seems highly probable at the moment that the volume of deliveries of sawn goods during the current year will exceed last year's figure. By the middle of June, some 860 000 standards had been sold, and current estimates of the result for the whole year as more than one million standards may well be realised. The export prices of sawn goods have also risen, reflecting the high level of construction ac-

tivity in western Europe. The value of Finnish paper industry exports during the period amounted to 802 million marks. There was an increase in the exports of mechanical and chemical pulp, as well as of paper products, newsprint included. As with the price developments of wood industry products, the export prices of wood pulp have risen considerably from the end of last year, the largest increase being experienced in the prices of sulphate pulp. The export prices of newsprint have remained reasonably stable throughout the period concerned.

The short-term export prospects of the Finnish metal industry cannot at the moment be regarded as bright. The increase in the value of exports to 228 million marks was largely the result of the delivery of an icebreaker to Sweden. The exports of "other goods" amounted to 98 million marks in the first five months of this year. The favourable development noticeable in this export sector in recent years is worth mentioning, even if its proportion in Finland's total exports is still rather limited.

*On page 18, The Metal Industry
in the Finnish Economy*

The total value of Finnish imports during January—May was 1 942 million marks; the increase was mainly attributable to larger purchases of fuels and lubricants, and of investment goods. The import value of fuels and lubricants was 214 million marks, increase on last year's corresponding figure being quite evident. Investment goods were imported up to 573 million marks in value during the period. This included, i. a., the imports of passenger cars, which have recently been rising very fast. Apart from that, there was some increase in machinery imports for the paper and wood processing industries.

During the first five months, the value of consumer goods imports was 347, million

marks. There were no signs of accelerated demand for consumer durables. Imports of raw materials and producer goods amounted to 808 million marks in value. As was also the case in 1963, the increase was mainly concerned with raw materials for the food industry and the chemical industry.

As regards the geographical distribution of foreign trade, there appears to have been some decrease in the share of EFTA and EEC-countries in total imports, while the share of Eastern Bloc countries has somewhat increased. In the total of exports, the proportion of EFTA-countries has increased and that of EEC-countries has remained unchanged, while there has been a decline as regards Eastern Bloc countries.

July 29, 1964

BANK OF FINLAND

Mill. mk

| | 1963 | | 1964 | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | Dec. 31 | June 29 | June 30 | July 8 | July 15 | July 23 |
| BALANCE SHEET | | | | | | |
| Assets | | | | | | |
| <i>Ordinary note cover</i> | 817.8 | 698.4 | 940.6 | 936.2 | 965.2 | 949.0 |
| Gold | 134.5 | 135.4 | 144.9 | 144.9 | 144.9 | 144.9 |
| Foreign exchange | 617.7 | 497.3 | 731.0 | 726.7 | 756.0 | 740.1 |
| Foreign bills | 26.2 | 30.6 | 24.7 | 24.6 | 24.3 | 24.0 |
| Foreign bonds | 39.4 | 35.1 | 40.0 | 40.0 | 40.0 | 40.0 |
| <i>Supplementary note cover</i> | 451.2 | 543.4 | 484.8 | 460.2 | 459.6 | 496.4 |
| Inland bills discounted | | | | | | |
| In foreign currency | 68.7 | 75.8 | 62.5 | 62.5 | 62.5 | 62.5 |
| In Finnish currency | 57.2 | 51.5 | 19.1 | 19.1 | 19.1 | 19.0 |
| Rediscounted bills | 325.3 | 416.1 | 403.2 | 378.6 | 378.0 | 414.9 |
| <i>Other assets</i> | 138.8 | 134.2 | 103.1 | 104.2 | 95.0 | 104.1 |
| Finnish bonds | 89.5 | 85.6 | 34.4 | 35.8 | 27.8 | 27.9 |
| Cheque accounts | 1.7 | 3.9 | 3.9 | 4.0 | 2.9 | 3.9 |
| Finnish coin | 3.6 | 6.2 | 6.9 | 7.0 | 7.0 | 6.7 |
| Other claims | 44.0 | 38.5 | 57.9 | 57.4 | 57.3 | 65.6 |
| Total | I 407.8 | I 376.0 | I 528.5 | I 500.6 | I 519.8 | I 549.5 |
| Liabilities | | | | | | |
| <i>Notes in circulation</i> | 943.7 | 897.1 | 954.9 | 936.4 | 919.9 | 916.6 |
| <i>Liabilities payable on demand</i> | 59.2 | 69.9 | 92.2 | 59.8 | 98.3 | 128.1 |
| Foreign exchange accounts | 18.2 | 17.4 | 17.0 | 18.6 | 16.3 | 16.4 |
| Mark accounts of holders abroad | 33.6 | 30.2 | 27.9 | 27.8 | 27.9 | 27.5 |
| Cheque accounts | | | | | | |
| Treasury | 0.2 | 0.6 | 4.6 | 1.5 | 9.7 | 30.1 |
| Post Office Savings Bank | 3.0 | 12.0 | 34.6 | 3.1 | 36.1 | 46.7 |
| Private banks | 1.3 | 5.1 | 2.7 | 2.7 | 3.0 | 1.5 |
| Other | 0.4 | 0.6 | 1.4 | 1.5 | 1.0 | 1.6 |
| Other sight liabilities | 2.5 | 4.0 | 4.0 | 4.6 | 4.3 | 4.3 |
| <i>Term liabilities</i> | 68.0 | 74.2 | 61.8 | 61.8 | 61.8 | 61.8 |
| Foreign | 66.9 | 73.1 | 60.7 | 60.7 | 60.7 | 60.7 |
| Finnish | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| <i>Equalization accounts</i> | 141.0 | 149.3 | 222.0 | 244.5 | 241.3 | 244.1 |
| <i>Bank's own funds</i> | 195.9 | 185.5 | 197.6 | 198.1 | 198.5 | 198.9 |
| Capital | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Reserve fund | 73.6 | 73.6 | 84.8 | 84.8 | 84.8 | 84.8 |
| Profits undisposed | — | — | — | — | — | — |
| Earnings less expenses | 22.3 | 11.9 | 12.8 | 13.3 | 13.7 | 14.1 |
| Total | I 407.8 | I 376.0 | I 528.5 | I 500.6 | I 519.8 | I 549.5 |
| STATEMENT OF NOTE ISSUE | | | | | | |
| Right of note issue | | | | | | |
| <i>Ordinary cover</i> | 817.8 | 698.4 | 940.6 | 936.2 | 965.2 | 949.0 |
| <i>Supplementary cover</i> (Upper limit 500 mill. mk) | 451.2 | 500.0 | 484.8 | 460.2 | 459.6 | 496.4 |
| Total | I 269.0 | I 198.4 | I 425.4 | I 396.4 | I 424.8 | I 445.4 |
| Note issue | | | | | | |
| <i>Notes in circulation</i> | 943.7 | 897.1 | 954.9 | 936.4 | 919.9 | 916.6 |
| <i>Liabilities payable on demand</i> | 59.2 | 69.9 | 92.2 | 59.8 | 98.3 | 128.1 |
| <i>Undrawn on cheque credits</i> | 5.8 | 4.0 | 3.6 | 3.6 | 4.6 | 3.6 |
| <i>Unused right of note issue</i> | 260.3 | 227.4 | 374.7 | 396.6 | 402.0 | 397.1 |
| Total | I 269.0 | I 198.4 | I 425.4 | I 396.4 | I 424.8 | I 445.4 |

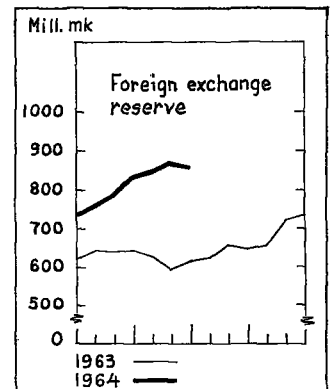
Rediscount rate since April 28, 1962, 7 per cent.

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 |
| 1956 | 294.1 | 46.0 | 248.1 | 112.7 | 153.4 | 207.4 | 191.6 | — 23.1 | 105.5 | 63.0 |
| 1957 | 384.3 | 45.7 | 338.6 | 176.5 | 201.9 | 313.2 | 160.2 | — 39.7 | 51.4 | 69.1 |
| 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 |
| 1963 | | | | | | | | | | |
| May | 616.4 | 18.1 | 598.3 | 80.4 | 106.5 | 572.2 | 70.0 | 28.9 | 0.0 | 98.9 |
| June | 632.7 | 17.4 | 615.3 | 65.7 | 103.3 | 577.7 | — | 28.9 | 0.6 | 28.3 |
| July | 641.1 | 18.2 | 622.9 | 64.9 | 104.9 | 582.9 | — | 28.9 | 11.8 | 17.1 |
| Aug. | 677.7 | 18.4 | 659.3 | 62.7 | 103.6 | 618.4 | — | 28.9 | 47.0 | — 18.1 |
| Sept. | 667.5 | 19.4 | 648.1 | 63.9 | 102.5 | 609.5 | — | 28.9 | 0.1 | 28.8 |
| Oct. | 675.2 | 18.6 | 656.6 | 62.3 | 100.8 | 618.1 | — | 18.9 | 0.5 | 18.4 |
| Nov. | 741.1 | 18.3 | 722.8 | 59.8 | 103.3 | 679.3 | — | 18.9 | 0.8 | 18.1 |
| Dec. | 752.2 | 18.2 | 734.0 | 65.6 | 100.5 | 699.1 | — | 18.9 | 0.2 | 18.7 |
| 1964 | | | | | | | | | | |
| Jan. | 780.6 | 20.2 | 760.4 | 65.7 | 97.1 | 729.0 | — | 18.9 | 0.1 | 18.8 |
| Feb. | 807.6 | 21.0 | 786.6 | 59.8 | 94.5 | 751.9 | — | 18.9 | 0.1 | 18.8 |
| March | 852.5 | 18.4 | 834.1 | 63.6 | 93.4 | 804.3 | — | 18.9 | 5.3 | 13.6 |
| April | 864.9 | 17.6 | 847.3 | 68.1 | 91.2 | 824.2 | — | 18.9 | 12.3 | 6.6 |
| May | 885.5 | 17.5 | 868.0 | 68.0 | 90.7 | 845.3 | — | 18.9 | 0.0 | 18.9 |
| June | 875.9 | 17.0 | 858.9 | 64.7 | 88.6 | 835.0 | — | 18.9 | 4.6 | 14.3 |

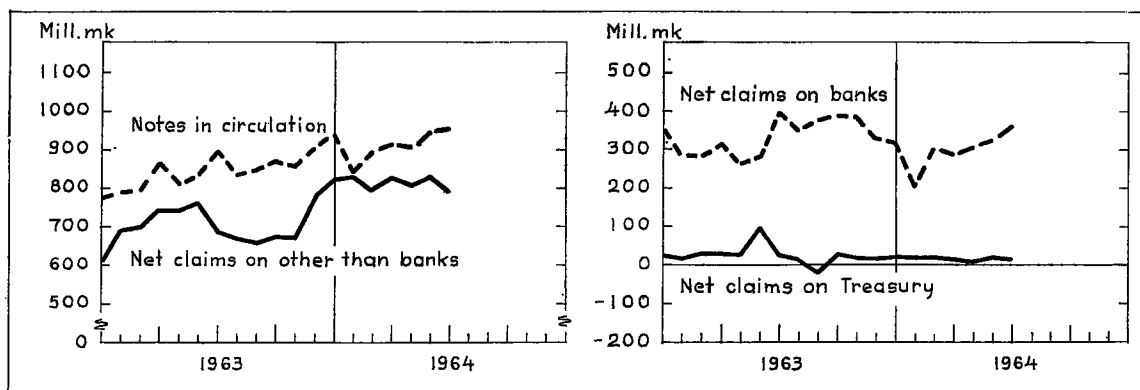
| Category of currency | Foreign exchange reserve (col. 3 above) Mill. mk | | | | |
|----------------------|--|------------|------------|------------|------------|
| | 1962 | 1963 | 1964 | | |
| | Dec. 31 | Dec. 31 | April 30 | May 30 | June 30 |
| Gold | 135 | 135 | 145 | 145 | 145 |
| Convertible | 330 | 478 | 593 | 613 | 586 |
| Eastern Bloc | 101 | 66 | 56 | 59 | 81 |
| Other | 55 | 55 | 53 | 51 | 47 |
| Total | 621 | 734 | 847 | 868 | 859 |



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 |
| 1956 | 336.7 | 11.7 | — | 2.8 | 322.2 | 149.2 | 105.5 | 52.1 | 202.6 | 607.4 |
| 1957 | 249.1 | 24.1 | — | -0.4 | 225.4 | 129.1 | 144.2 | 5.6 | 267.7 | 606.4 |
| 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 | | | | | | | | | | |
| May | 336.9 | 11.5 | 41.1 | 2.9 | 281.4 | 52.1 | 104.8 | 1.6 | 155.3 | 846.5 |
| June | 416.1 | 5.1 | 12.0 | 1.6 | 397.4 | 51.5 | 88.2 | 3.0 | 136.7 | 897.1 |
| July | 380.9 | 4.0 | 22.9 | 1.9 | 352.1 | 45.5 | 87.5 | 1.3 | 131.7 | 834.5 |
| Aug. | 406.5 | 6.3 | 21.6 | 2.5 | 376.1 | 31.8 | 84.8 | 1.1 | 115.5 | 847.8 |
| Sept. | 405.4 | —15.3 | 29.8 | 2.8 | 388.1 | 21.5 | 87.1 | 2.0 | 106.6 | 869.2 |
| Oct. | 422.8 | 0.2 | 38.9 | 2.7 | 381.0 | 30.1 | 85.0 | 0.8 | 114.3 | 859.9 |
| Nov. | 334.9 | — 3.9 | 8.3 | 1.7 | 328.8 | 31.9 | 97.9 | 2.4 | 127.4 | 904.8 |
| Dec. | 325.3 | 1.3 | 3.0 | 1.2 | 319.8 | 57.2 | 94.4 | 1.7 | 149.9 | 943.7 |
| 1964 | | | | | | | | | | |
| Jan. | 241.2 | 8.7 | 27.4 | 2.1 | 203.0 | 52.1 | 89.4 | 1.1 | 140.4 | 835.0 |
| Feb. | 329.0 | 7.0 | 18.1 | 2.4 | 301.5 | 28.9 | 98.3 | 1.0 | 126.2 | 893.4 |
| March | 316.0 | —13.2 | 38.2 | 2.2 | 288.8 | 23.3 | 111.3 | 0.7 | 133.9 | 911.2 |
| April | 349.0 | 0.7 | 41.8 | 1.7 | 304.8 | 20.9 | 113.2 | 0.6 | 133.5 | 905.5 |
| May | 329.5 | 5.2 | 0.2 | 1.7 | 322.4 | 20.4 | 119.7 | 1.3 | 138.8 | 945.4 |
| June | 403.2 | 2.7 | 34.6 | 2.9 | 363.0 | 19.1 | 104.3 | 2.5 | 120.9 | 954.9 |

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+4+5+6+7+8+9) |
|-----------------------|------------------|-------------------------|----------------------|------------------|---------------|--|--------------------------|--------------------------------------|-------------------------|----------------------------|
| | Cheque accounts | | Postal giro accounts | Commercial banks | Savings banks | Co-op. credit societies & their central bank | Post Office Savings Bank | Savings departments of co-op. stores | All credit institutions | |
| | Commercial banks | All credit institutions | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1953 | 321.1 | 379.1 | 98.9 | 704.6 | 767.1 | 425.4 | 270.7 | 119.5 | 2 287.6 | 2 765.6 |
| 1954 | 349.1 | 421.1 | 132.2 | 834.4 | 921.7 | 520.5 | 300.8 | 134.2 | 2 712.0 | 3 265.3 |
| 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 | 528.2 | 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 | 875.7 | 250.3 | 2 441.0 | 2 339.9 | 1 448.7 | 648.5 | 310.7 | 7 189.0 | 8 315.0 |
| 1963* | | | | | | | | | | |
| May | 707.1 | 862.8 | 191.0 | 2 327.0 | 2 244.7 | 1 373.8 | 617.4 | 300.1 | 6 863.3 | 7 917.1 |
| June | 668.3 | 811.9 | 184.6 | 2 314.1 | 2 221.2 | 1 350.8 | 615.1 | 297.5 | 6 798.9 | 7 795.4 |
| July | 685.5 | 824.4 | 166.4 | 2 288.2 | 2 211.0 | 1 346.1 | 616.2 | 295.5 | 6 757.1 | 7 747.9 |
| Aug. | 661.1 | 811.0 | 152.0 | 2 286.4 | 2 230.3 | 1 355.2 | 620.3 | 295.3 | 6 787.8 | 7 750.8 |
| Sept. | 668.7 | 831.0 | 199.3 | 2 301.6 | 2 237.8 | 1 363.5 | 621.8 | 300.5 | 6 825.4 | 7 855.7 |
| Oct. | 678.8 | 838.8 | 181.5 | 2 307.7 | 2 242.9 | 1 369.7 | 623.7 | 304.5 | 6 848.6 | 7 868.9 |
| Nov. | 696.4 | 860.6 | 209.6 | 2 322.2 | 2 265.8 | 1 388.0 | 624.6 | 308.3 | 6 909.1 | 7 979.3 |
| Dec. | 715.3 | 875.7 | 250.3 | 2 441.0 | 2 339.9 | 1 448.7 | 648.5 | 310.7 | 7 189.0 | 8 315.0 |
| 1964* | | | | | | | | | | |
| Jan. | 707.3 | 844.6 | 229.1 | 2 452.5 | 2 361.4 | 1 447.8 | 655.4 | 311.9 | 7 249.2 | 8 322.9 |
| Feb. | 620.8 | 754.1 | 244.0 | 2 485.9 | 2 388.2 | 1 505.7 | 664.8 | 316.3 | 7 361.1 | 8 359.2 |
| March | 615.3 | 755.9 | 292.6 | 2 521.6 | 2 404.5 | 1 533.2 | 666.0 | 318.8 | 7 444.3 | 8 492.8 |
| April | 641.5 | 777.7 | 220.5 | 2 541.5 | 2 416.7 | 1 551.7 | 661.7 | 319.6 | 7 491.3 | 8 489.5 |
| May | 645.2 | 797.4 | 256.6 | 2 577.8 | 2 444.7 | 1 576.5 | 660.0 | 318.0 | 7 577.1 | 8 631.1 |
| June | 640.0 | 789.1 | 260.7 | 2 569.4 | 2 418.0 | 1 551.4 | 659.2 | 314.3 | 7 512.4 | 8 562.2 |

| End of month | Index-tied deposits | | High-interest deposits |
|--------------|----------------------------|-----------------------|------------------------|
| | 100 % clause ¹⁾ | 50 % clause, tax-free | |
| 1963* | | | |
| Nov. | 42.1 | 223.6 | 640.8 |
| Dec. | 52.1 | 229.4 | 669.9 |
| 1964* | | | |
| Jan. | 67.7 | 234.6 | 718.0 |
| Feb. | 116.3 | 255.1 | 740.1 |
| March | 142.9 | 262.6 | 752.5 |
| April | 170.9 | 259.9 | 767.5 |
| May | 556.2 | 159.4 | 675.5 |
| June | 674.0 | 146.2 | 650.5 |

¹⁾ Tax-free since May 1, 1964.

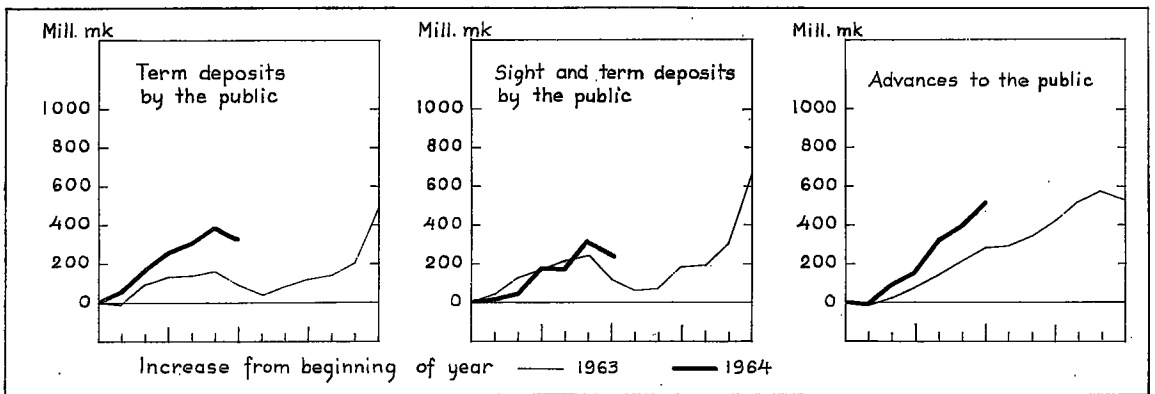
| Selling rates for foreign exchange | | | |
|------------------------------------|--------|-------|---|
| July 29, 1964 | | | |
| | | mk | mk |
| New York ... | 1 \$ | 3.224 | Zurich 100 Fr 74.58 |
| Montreal | 1 \$ | 2.980 | Paris 100 FF 65.80 |
| London | 1 £ | 8.990 | Rome 100 Lit 0.5160 |
| Stockholm ... | 100 Kr | 62.71 | Vienna 100 S 12.50 |
| Oslo | 100 Kr | 45.05 | Lisbon 100 Esc 11.21 |
| Copenhagen .. | 100 Kr | 46.60 | Reykjavik 100 Kr 7.50 |
| Frankfurt o.M. | 100 DM | 81.12 | Madrid 100 Pta 5.42 |
| Amsterdam ... | 100 Fl | 89.19 | Prague, clear... 100 Kč 44.58 |
| Brussels | 100 Fr | 6.480 | Moscow, clear. ¹⁾ 1 Rbl 3.5667 |
| | | | Clearing dollars ²⁾ 1 Cl \$ 3.21 |

¹⁾ Bucharest, Peking.²⁾ Ankara, Athens, Berlin, Bogota, Budapest, 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 |
| 1953 | 1 056.6 | 705.1 | 187.8 | 567.7 | 98.5 | 2 452.8 | 162.9 | 2 615.7 | 921.2 |
| 1954 | 1 289.6 | 824.5 | 221.2 | 647.0 | 127.7 | 2 915.1 | 194.9 | 3 110.0 | 995.6 |
| 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 | 2 133.7 | 544.0 | 1 760.2 | 664.3 | 8 228.8 | 345.9 | 8 574.7 | 1 987.5 |
| 1963* | | | | | | | | | |
| May | 3 367.7 | 2 058.9 | 551.3 | 1 634.7 | 635.1 | 7 885.2 | 362.5 | 8 247.7 | 1 810.4 |
| June | 3 409.5 | 2 063.8 | 552.7 | 1 655.4 | 637.7 | 7 921.1 | 398.0 | 8 319.1 | 1 803.5 |
| July | 3 400.4 | 2 076.2 | 551.7 | 1 662.8 | 641.0 | 7 962.4 | 369.7 | 8 332.1 | 1 747.1 |
| Aug. | 3 418.2 | 2 091.2 | 550.1 | 1 681.4 | 641.7 | 8 006.6 | 376.0 | 8 382.6 | 1 740.3 |
| Sept. | 3 437.9 | 2 111.7 | 550.2 | 1 710.9 | 647.5 | 8 087.2 | 371.0 | 8 458.2 | 1 827.7 |
| Oct. | 3 469.7 | 2 133.4 | 573.8 | 1 727.2 | 654.1 | 8 171.6 | 386.6 | 8 558.2 | 1 804.9 |
| Nov. | 3 481.7 | 2 144.3 | 577.0 | 1 746.4 | 659.2 | 8 235.2 | 373.4 | 8 608.6 | 1 892.9 |
| Dec. | 3 472.5 | 2 133.7 | 544.0 | 1 760.2 | 664.3 | 8 228.8 | 345.9 | 8 574.7 | 1 987.5 |
| 1964* | | | | | | | | | |
| Jan. | 3 446.1 | 2 139.6 | 547.1 | 1 763.6 | 672.7 | 8 201.5 | 367.6 | 8 569.1 | 1 827.1 |
| Feb. | 3 509.5 | 2 148.7 | 554.2 | 1 769.8 | 683.9 | 8 266.6 | 399.5 | 8 666.1 | 1 793.3 |
| March | 3 547.4 | 2 150.3 | 559.5 | 1 783.0 | 687.5 | 8 329.6 | 398.1 | 8 727.7 | 1 850.0 |
| April | 3 635.3 | 2 170.0 | 563.1 | 1 806.8 | 706.6 | 8 473.4 | 408.4 | 8 881.8 | 1 826.5 |
| May | 3 628.6 | 2 190.4 | 570.0 | 1 827.9 | 751.1 | 8 599.4 | 368.6 | 8 968.0 | 1 914.4 |
| June | 3 689.8 | 2 200.9 | 575.3 | 1 859.8 | 768.2 | 8 688.9 | 405.1 | 9 094.0 | .. |

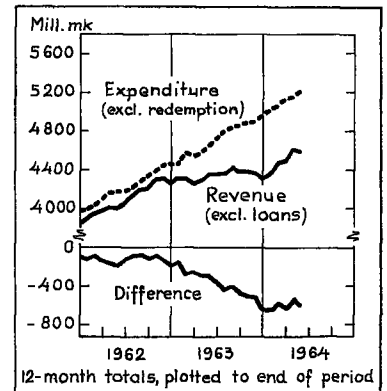


STATE FINANCES

Mill. mk

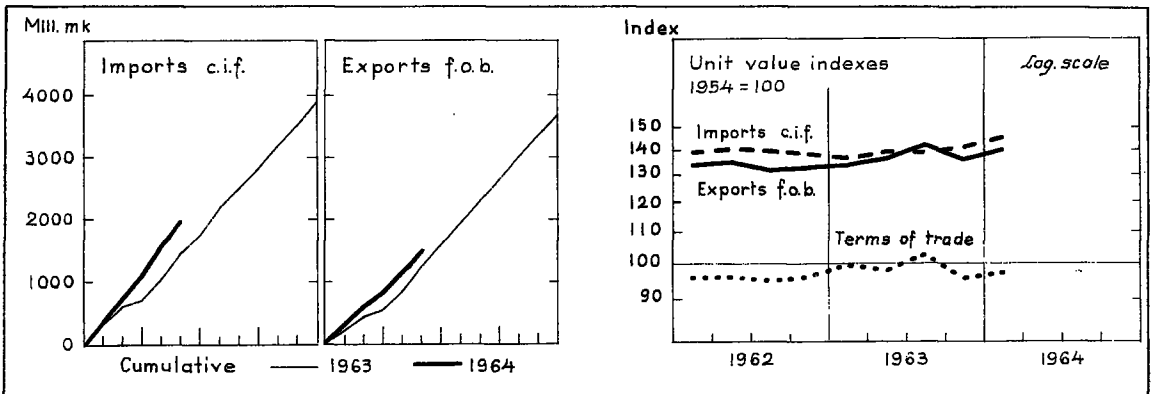
| Revenue | Jan. - May | | Expenditure | Jan. - May | |
|--|--------------|--------------|--|--------------|--------------|
| | 1963 | 1964 | | 1963 | 1964 |
| Income and property tax (net) | 434 | 581 | Interest on State debt | 40 | 60 |
| Gross receipts | (1 061) | (1 256) | Child allowances | 147 | 151 |
| Refunds and communal income tax | (- 627) | (- 675) | The State's share in national pensions | 81 | 94 |
| Other direct taxes | 5 | 8 | Compensations to war-disabled | 51 | 53 |
| Sales tax | 354 | 359 | Subsidies | 197 | 191 |
| Import duties | 193 | 206 | Net payments on price equalization by extra-budgetary funds | 2 | — |
| Revenue from Alcohol Monopoly | 138 | 122 | State aid to agriculture | 20 | 18 |
| Excise duty on tobacco | 105 | 117 | State aid to communal and private schools | 155 | 180 |
| Excise duty on liquid fuel | 61 | 70 | Net loss of State enterprises | 49 | 29 |
| Other excise duties | 32 | 36 | Maintenance of roads | 42 | 43 |
| Tax on automobiles and motor cycles | 38 | 65 | Other current expenditure | 648 | 718 |
| Stamp duties | 92 | 108 | Current expenditure | 1 432 | 1 537 |
| Employers' payments for child allow- ances | 117 | 137 | Real investments | 383 | 476 |
| Net receipts of price equalization by extra-budgetary funds | — | 5 | Other capital expenditure | 164 | 223 |
| Other revenue similar to taxes | 20 | 38 | Capital expenditure | 547 | 699 |
| Total taxes | 1 589 | 1 852 | Total expenditure | 1 979 | 2 236 |
| Interest and dividends | 28 | 30 | Redemption of external loans | 10 | 15 |
| Other current revenue | 47 | 58 | Redemption of internal loans | 106 | 118 |
| Current revenue | 1 664 | 1 940 | Redemption of indemnity bonds etc. | 4 | 3 |
| Capital revenue proper | 43 | 42 | Index premiums | 7 | 9 |
| Decrease in inventories | 30 | 58 | Redemptions | 127 | 145 |
| Capital revenue | 73 | 100 | Total | 2 106 | 2 381 |
| Total revenue | 1 737 | 2 040 | | | |
| External loans | 55 | 111 | | | |
| Internal loans | 189 | 168 | | | |
| Loans | 244 | 279 | | | |
| Short-term credit (increase + .. | +34 | +32 | | | |
| Deficit (+) or surplus (—) | +91 | +30 | | | |
| Total | 2 106 | 2 381 | | | |

| Debt | 1961 | 1962 | 1963 | 1964 | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | Dec. | Dec. | Dec. | April | May | June* |
| External debt ... | 791 | 803 | 963 | 1 016 | 1 064 | 1 073 |
| Ordinary loans | 757 | 936 | 1 109 | 1 164 | 1 160 | 1 161 |
| Indemnity bonds etc. | 26 | 18 | 11 | 9 | 9 | 9 |
| Short-term credit .. | 24 | 61 | 160 | 190 | 192 | 190 |
| Cash debt (net) ... | —98 | —125 | 78 | 29 | 117 | .. |
| Internal debt | 709 | 890 | 1 358 | 1 392 | 1 478 | .. |
| Total debt | 1 500 | 1 693 | 2 321 | 2 408 | 2 542 | .. |
| Total debt, mill. \$ | 465.9 | 525.4 | 720.8 | 747.8 | 789.8 | .. |



FOREIGN TRADE

| Period | Value mill. mk | | | Unit value indexes 1954 = 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 | | |
| 1955 | 1 769.6 | 1 812.6 | + 43.0 | 106 | 110 | 105 | 105 | 115 | 100 | 106 |
| 1956 | 2 035.6 | 1 779.9 | -255.7 | 106 | 110 | 104 | 109 | 106 | 105 | 101 |
| 1957 | 2 279.3 | 2 123.9 | -155.4 | 116 | 118 | 113 | 119 | 120 | 122 | 95 |
| 1958 | 2 333.0 | 2 479.3 | +146.3 | 138 | 139 | 133 | 139 | 153 | 140 | 99 |
| 1959 | 2 673.0 | 2 673.2 | + 0.2 | 130 | 120 | 121 | 131 | 152 | 133 | 98 |
| 1960 | 3 403.0 | 3 164.7 | -238.3 | 133 | 123 | 131 | 132 | 147 | 136 | 98 |
| 1961 | 3 690.2 | 3 374.0 | -316.2 | 135 | 145 | 134 | 134 | 140 | 137 | 99 |
| 1962 | 3 928.7 | 3 533.1 | -395.6 | 134 | 146 | 132 | 128 | 150 | 139 | 96 |
| 1963* | 3 866.9 | 3 678.0 | -188.9 | 137 | 145 | 142 | 129 | 147 | 139 | 99 |
| Jan.-May 1962 | 1 644.0 | 1 252.0 | -392.0 | | | | | | | |
| 1963* | 1 426.4 | 1 211.7 | -214.7 | | | | | | | |
| 1964* | 1 942.5 | 1 487.4 | -455.1 | | | | | | | |
| 1963* Oct. | 371.3 | 377.7 | + 6.4 | 136 | 144 | 147 | 130 | 130 | 141 | 96 |
| Nov. | 331.4 | 331.4 | - 0.0 | | | | | | | |
| Dec. | 368.6 | 339.3 | - 29.3 | | | | | | | |
| 1964* Jan. | 363.5 | 281.3 | - 82.2 | 140 | 148 | 152 | 131 | 133 | 145 | 97 |
| Feb. | 350.1 | 299.9 | - 50.2 | | | | | | | |
| March | 369.0 | 231.4 | -137.6 | | | | | | | |
| April | 449.4 | 339.5 | -109.9 | | | | | | | |
| May | 410.5 | 335.3 | - 75.2 | | | | | | | |

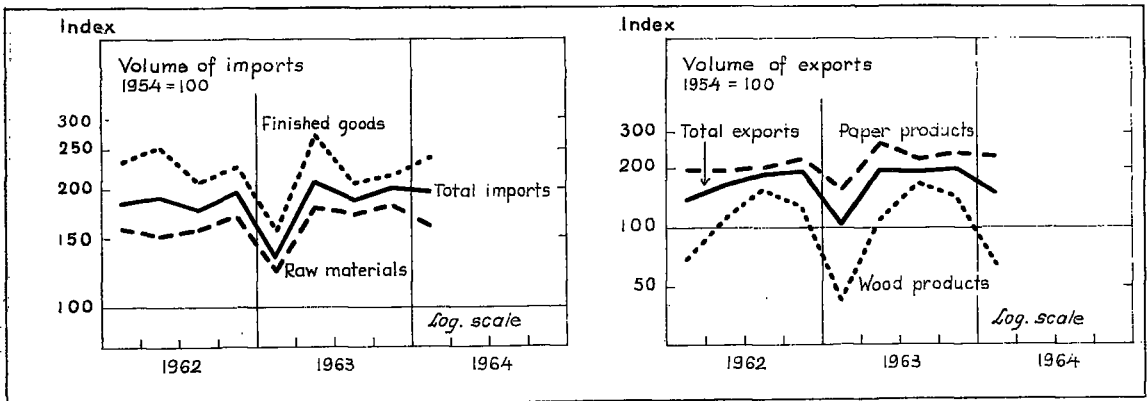


March 1963 figures are affected by strikes.

FOREIGN TRADE BY MAIN GROUPS

Mill. mk

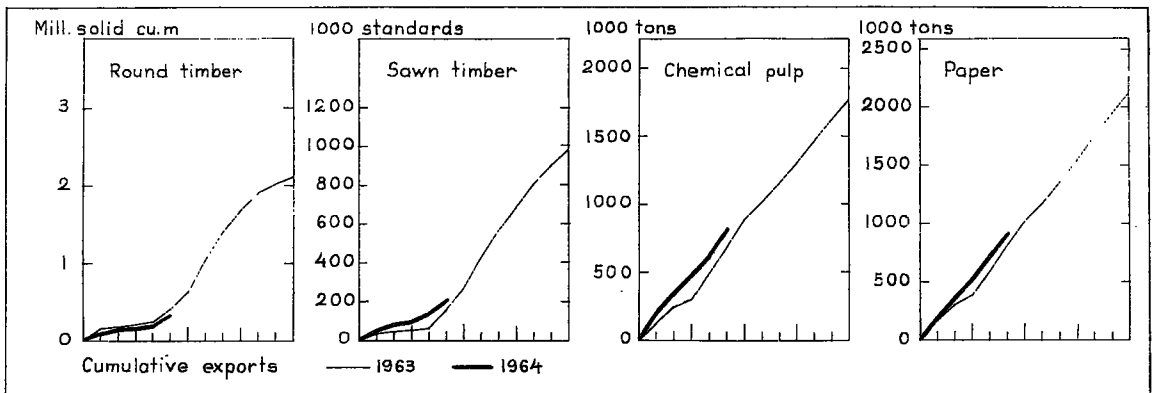
| Period | Imports, c. i. f. | | | | Exports, f. o. b. | | | | | |
|----------|----------------------------------|----------------------|------------------|----------------|-----------------------|-----------------------|------------------------|-------------------------|-------------------------------------|-------------|
| | 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 | | | | | | |
| 1954 | 864.2 | 173.4 | 288.0 | 195.8 | 51.5 | 135.8 | 497.3 | 616.6 | 209.9 | 55.1 |
| 1955 | 949.2 | 215.4 | 342.2 | 262.8 | 38.8 | 199.1 | 513.2 | 757.9 | 248.0 | 55.6 |
| 1956 | 1 042.8 | 274.6 | 433.6 | 284.6 | 62.1 | 172.4 | 404.9 | 817.8 | 251.2 | 71.5 |
| 1957 | 1 174.3 | 402.4 | 413.5 | 289.1 | 101.7 | 171.0 | 482.9 | 976.4 | 304.3 | 87.6 |
| 1958 | 1 195.0 | 326.6 | 488.0 | 323.4 | 106.5 | 193.5 | 578.2 | 1 151.7 | 340.3 | 109.1 |
| 1959 | 1 338.2 | 281.2 | 675.4 | 378.2 | 148.6 | 162.9 | 636.6 | 1 170.0 | 441.5 | 113.6 |
| 1960 | 1 662.6 | 330.5 | 933.4 | 476.5 | 160.3 | 205.6 | 840.8 | 1 337.2 | 473.6 | 147.2 |
| 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 |
| Jan.-May | | | | | | | | | | |
| 1962 | 724.6 | 140.0 | 502.0 | 277.4 | 62.5 | 42.6 | 210.8 | 649.7 | 227.8 | 58.6 |
| 1963* | 677.4 | 116.9 | 370.8 | 261.3 | 58.7 | 21.6 | 178.9 | 676.4 | 210.6 | 65.5 |
| 1964* | 808.3 | 213.9 | 573.1 | 347.2 | 100.9 | 21.0 | 238.3 | 801.5 | 227.7 | 98.0 |
| 1963* | | | | | | | | | | |
| July | 171.5 | 47.5 | 109.8 | 53.2 | 14.4 | 20.9 | 102.7 | 139.9 | 62.3 | 19.4 |
| Aug. | 152.4 | 17.3 | 71.6 | 49.1 | 14.4 | 18.3 | 99.2 | 156.6 | 36.0 | 18.9 |
| Sept. | 154.2 | 48.2 | 78.4 | 49.2 | 10.9 | 16.3 | 92.7 | 156.0 | 59.3 | 24.6 |
| Oct. | 184.2 | 45.3 | 82.0 | 59.8 | 15.9 | 11.9 | 91.7 | 173.0 | 60.3 | 24.9 |
| Nov. | 160.4 | 33.2 | 77.2 | 60.6 | 11.2 | 7.8 | 83.3 | 153.4 | 52.0 | 23.7 |
| Dec. | 167.7 | 33.8 | 105.9 | 61.2 | 24.5 | 5.8 | 80.9 | 147.4 | 58.5 | 22.2 |
| 1964* | | | | | | | | | | |
| Jan. | 172.2 | 42.3 | 91.1 | 57.9 | 14.0 | 4.3 | 50.3 | 169.3 | 25.6 | 17.8 |
| Feb. | 155.6 | 37.2 | 100.1 | 57.2 | 23.8 | 5.5 | 44.6 | 148.1 | 60.4 | 17.5 |
| March | 149.6 | 48.7 | 107.9 | 62.8 | 12.1 | 1.8 | 26.4 | 145.3 | 28.9 | 16.9 |
| April | 162.4 | 34.7 | 148.4 | 103.9 | 27.9 | 2.3 | 49.5 | 165.1 | 75.6 | 19.1 |
| May | 168.5 | 51.0 | 125.6 | 65.4 | 23.1 | 7.1 | 67.5 | 173.7 | 37.2 | 26.7 |



March 1963 figures are affected by strikes.

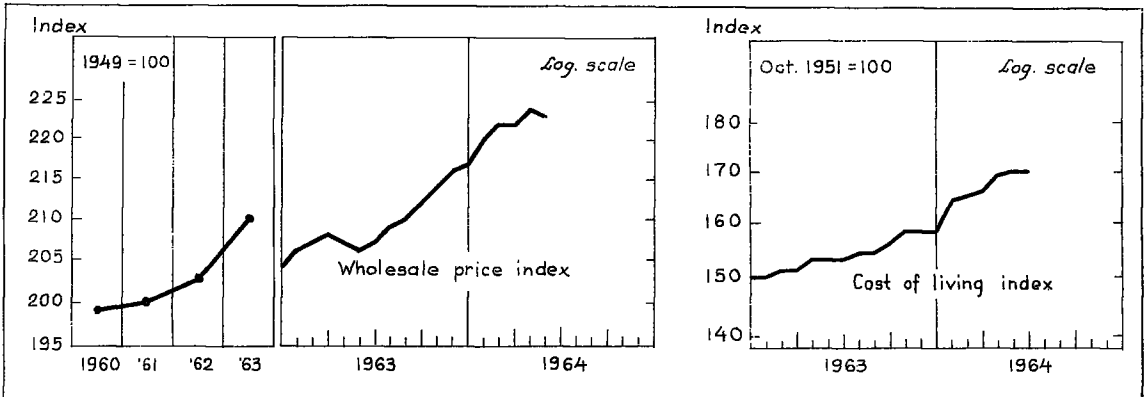
EXPORTS OF SOME IMPORTANT ARTICLES

| 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 |
|------------|--------------------------------------|------------------------------|--|-------------------------------------|-----------------------------------|-----------------------------------|------------------------|---|----------------------------|--------------------------------------|
| 1954 | 3 620 | 733 | 298 | 193 | 580 | 375 | 101 | 59 | 392 | 751 |
| 1955 | 4 977 | 786 | 321 | 183 | 682 | 447 | 110 | 61 | 470 | 905 |
| 1956 | 4 424 | 648 | 230 | 186 | 679 | 452 | 106 | 49 | 537 | 997 |
| 1957 | 4 063 | 719 | 260 | 165 | 697 | 474 | 134 | 60 | 551 | 1 108 |
| 1958 | 3 861 | 762 | 239 | 143 | 725 | 476 | 145 | 83 | 585 | 1 147 |
| 1959 | 3 812 | 950 | 296 | 139 | 770 | 549 | 142 | 110 | 576 | 1 244 |
| 1960 | 4 756 | 1 137 | 358 | 176 | 919 | 500 | 150 | 128 | 691 | 1 460 |
| 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 | 173 | 861 | 893 | 171 | 161 | 882 | 2 126 |
| Jan. - May | | | | | | | | | | |
| 1962 | 830 | 218 | 154 | 62 | 354 | 273 | 69 | 67 | 377 | 789 |
| 1963* | 403 | 147 | 163 | 69 | 339 | 348 | 76 | 65 | 329 | 802 |
| 1964* | 313 | 208 | 186 | 71 | 401 | 399 | 71 | 75 | 368 | 913 |
| 1963* | | | | | | | | | | |
| July | 429 | 156 | 21 | 16 | 68 | 66 | 10 | 10 | 70 | 138 |
| Aug. | 346 | 143 | 30 | 11 | 68 | 84 | 15 | 10 | 80 | 191 |
| Sept. | 302 | 123 | 34 | 13 | 77 | 79 | 16 | 14 | 83 | 189 |
| Oct. | 224 | 117 | 40 | 18 | 74 | 90 | 18 | 16 | 94 | 215 |
| Nov. | 120 | 102 | 33 | 16 | 75 | 73 | 14 | 17 | 84 | 187 |
| Dec. | 83 | 77 | 32 | 13 | 72 | 63 | 12 | 14 | 74 | 184 |
| 1964* | | | | | | | | | | |
| Jan. | 86 | 47 | 37 | 17 | 97 | 104 | 14 | 16 | 75 | 179 |
| Feb. | 64 | 35 | 41 | 15 | 75 | 66 | 13 | 15 | 68 | 174 |
| March | 15 | 15 | 27 | 11 | 66 | 68 | 14 | 13 | 65 | 168 |
| April | 26 | 42 | 38 | 15 | 81 | 64 | 16 | 16 | 79 | 197 |
| May | 122 | 69 | 43 | 13 | 82 | 97 | 14 | 15 | 81 | 195 |



FOREIGN TRADE BY COUNTRIES

| Area and country | Imports, c. i. f. | | | | | Exports, f. o. b. | | | | |
|------------------------------|-------------------|-------|------------|-------|----------|-------------------|-------|------------|-------|----------|
| | Whole year | | Jan. — May | | | Whole year | | Jan. — May | | |
| | 1962 | 1963* | 1963* | 1964* | | 1962 | 1963* | 1963* | 1964* | |
| | % | % | % | % | Mill. mk | % | % | % | % | Mill. mk |
| Sterling area | 15.7 | 15.8 | 16.8 | 15.1 | 292.4 | 22.2 | 23.6 | 22.0 | 24.8 | 369.6 |
| United Kingdom | 15.2 | 15.3 | 16.3 | 14.7 | 285.3 | 20.2 | 21.5 | 19.6 | 22.4 | 332.8 |
| Other OECD countries | | | | | | | | | | |
| in Europe | 55.6 | 53.0 | 53.8 | 52.3 | 1 017.5 | 43.0 | 43.9 | 43.8 | 44.9 | 667.9 |
| Austria | 0.7 | 0.7 | 0.8 | 0.7 | 13.0 | 0.3 | 0.3 | 0.4 | 0.3 | 4.1 |
| Belgium-Luxembourg | 2.4 | 2.2 | 2.3 | 1.8 | 34.8 | 3.4 | 3.3 | 3.0 | 3.3 | 48.2 |
| Denmark | 3.1 | 3.3 | 3.4 | 3.2 | 61.6 | 3.7 | 3.5 | 3.1 | 3.3 | 49.1 |
| France | 5.2 | 4.3 | 4.3 | 5.1 | 98.1 | 4.5 | 5.0 | 5.3 | 5.4 | 80.4 |
| Western Germany | 20.2 | 18.0 | 18.5 | 17.4 | 337.2 | 11.9 | 12.0 | 12.6 | 11.4 | 169.7 |
| Italy | 2.1 | 2.0 | 2.3 | 1.7 | 38.9 | 2.8 | 3.2 | 3.4 | 3.4 | 50.8 |
| Netherlands | 4.4 | 4.7 | 4.9 | 3.7 | 71.9 | 6.1 | 6.3 | 5.3 | 5.7 | 85.3 |
| Norway | 1.5 | 1.6 | 1.5 | 1.6 | 31.6 | 1.2 | 0.8 | 0.8 | 0.8 | 12.6 |
| Portugal | 0.2 | 0.2 | 0.2 | 0.2 | 4.5 | 0.1 | 0.1 | 0.1 | 0.1 | 2.0 |
| Spain | 0.4 | 0.4 | 0.4 | 0.7 | 12.5 | 0.7 | 0.9 | 0.8 | 0.8 | 12.0 |
| Sweden | 12.1 | 11.9 | 11.6 | 12.8 | 248.0 | 5.7 | 5.7 | 6.2 | 7.7 | 113.9 |
| Switzerland | 2.6 | 2.9 | 2.8 | 2.8 | 54.0 | 0.6 | 0.7 | 0.6 | 0.7 | 10.9 |
| Eastern Bloc | 19.2 | 21.7 | 20.2 | 22.2 | 430.8 | 22.5 | 20.8 | 21.7 | 17.1 | 253.8 |
| China | 0.2 | 0.2 | 0.3 | 0.5 | 8.8 | 0.4 | 0.5 | 0.4 | 0.2 | 2.1 |
| Czechoslovakia | 1.0 | 0.7 | 0.9 | 0.7 | 13.6 | 0.9 | 0.9 | 0.9 | 0.6 | 9.3 |
| Eastern Germany | 1.4 | 1.1 | 1.0 | 1.0 | 18.7 | 1.1 | 1.0 | 1.1 | 1.1 | 16.2 |
| Poland | 2.2 | 2.0 | 1.3 | 1.7 | 32.8 | 1.7 | 1.7 | 1.7 | 2.2 | 32.2 |
| Soviet Union | 13.7 | 16.9 | 16.1 | 17.4 | 339.1 | 17.8 | 16.0 | 16.8 | 11.5 | 171.5 |
| U.S. and Canada | 5.6 | 5.3 | 4.9 | 5.5 | 106.3 | 5.5 | 5.4 | 6.4 | 7.1 | 105.0 |
| United States | 5.1 | 4.9 | 4.5 | 5.4 | 103.6 | 5.4 | 5.2 | 6.2 | 6.9 | 102.0 |
| Latin America | 2.7 | 2.9 | 2.5 | 3.1 | 61.3 | 3.4 | 2.7 | 2.8 | 3.0 | 44.7 |
| Argentina | 0.4 | 0.5 | 0.6 | 0.4 | 7.2 | 0.8 | 0.6 | 0.6 | 0.7 | 10.9 |
| Brazil | 1.5 | 1.6 | 1.2 | 1.7 | 33.6 | 1.5 | 0.7 | 0.9 | 0.6 | 8.4 |
| Others | 1.2 | 1.3 | 1.8 | 1.8 | 34.2 | 3.4 | 3.6 | 3.3 | 3.1 | 46.4 |
| Grand total | 100.0 | 100.0 | 100.0 | 100.0 | 1 942.5 | 100.0 | 100.0 | 100.0 | 100.0 | 1 487.4 |
| of which | | | | | | | | | | |
| EFTA countries | 35.4 | 35.9 | 36.6 | 35.9 | 698.0 | 31.9 | 32.6 | 30.8 | 35.3 | 525.3 |
| EEC countries | 34.7 | 31.5 | 32.3 | 29.9 | 580.8 | 29.4 | 30.6 | 29.6 | 29.2 | 434.4 |



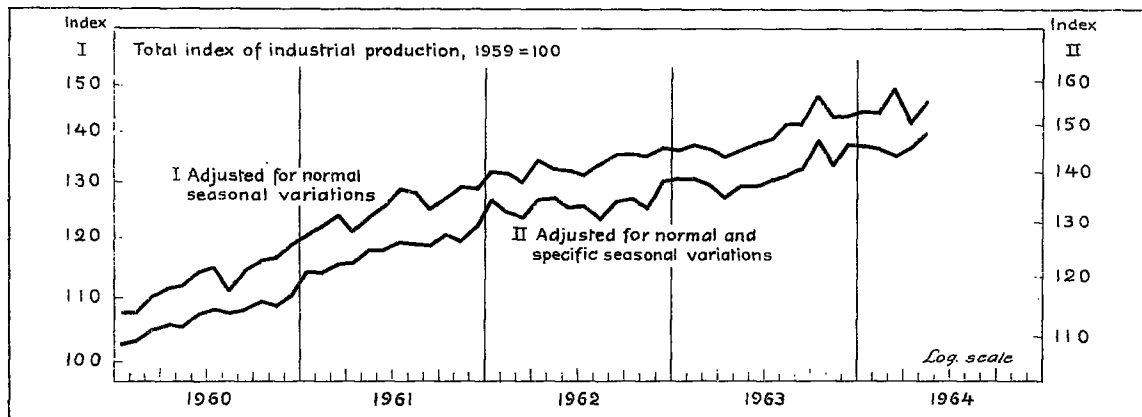
PRICE INDEXES

| 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 | Mach- inery & transport equipm. | Con- sumer goods | Raw materials and com- modities | Simply processed goods | More elab- orately processed goods | | | |
| 1961 | 200 | 202 | 194 | 209 | 195 | 190 | 213 | 202 | 191 | 128 | 114 | 148 |
| 1962 | 203 | 205 | 196 | 209 | 203 | 197 | 217 | 200 | 198 | 132 | 114 | 156 |
| 1963 | 210 | 212 | 201 | 214 | 211 | 205 | 226 | 203 | 205 | 140 | 118 | 171 |
| 1963 | | | | | | | | | | | | |
| June | 207 | 209 | 202 | 212 | 209 | 201 | 222 | 202 | 202 | 140 | 117 | 173 |
| July | 209 | 211 | 201 | 213 | 209 | 204 | 223 | 202 | 206 | 140 | 118 | 171 |
| Aug. | 210 | 212 | 202 | 213 | 212 | 206 | 226 | 202 | 206 | 141 | 118 | 175 |
| Sept. | 212 | 215 | 202 | 216 | 212 | 208 | 226 | 206 | 209 | 141 | 118 | 175 |
| Oct. | 214 | 217 | 203 | 216 | 214 | 211 | 230 | 205 | 210 | 143 | 118 | 180 |
| Nov. | 216 | 219 | 205 | 220 | 214 | 211 | 233 | 207 | 212 | 143 | 119 | 180 |
| Dec. | 217 | 220 | 205 | 222 | 214 | 212 | 236 | 209 | 212 | 145 | 123 | 182 |
| 1964 | | | | | | | | | | | | |
| Jan. | 220 | 224 | 204 | 219 | 211 | 222 | 240 | 209 | 214 | 142 | 117 | 179 |
| Feb. | 222 | 226 | 207 | 222 | 210 | 226 | 243 | 213 | 216 | 144 | 118 | 180 |
| March | 222 | 226 | 208 | 223 | 211 | 224 | 242 | 214 | 216 | 146 | 118 | 186 |
| April | 224 | 228 | 209 | 224 | 211 | 227 | 246 | 215 | 217 | 148 | 119 | 188 |
| May | 223 | 226 | 209 | 225 | 211 | 223 | 241 | 217 | 216 | 150 | 119 | 194 |
| June | .. | .. | .. | .. | .. | .. | .. | .. | .. | 150 | 120 | 195 |

| 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 |
| 1961 | 141 | 150 | 310 | 100 | 87 | 137 | 110 | 110 | 115 | 97 | 109 | 111 |
| 1962 | 147 | 156 | 327 | 103 | 90 | 143 | 115 | 115 | 121 | 100 | 112 | 117 |
| 1963 | 154 | 164 | 346 | 108 | 93 | 151 | 121 | 120 | 128 | 105 | 115 | 123 |
| 1963 | | | | | | | | | | | | |
| June | 153 | 164 | 343 | 108 | 92 | 149 | 120 | 121 | 127 | 105 | 115 | 121 |
| July | 154 | 163 | 343 | 108 | 92 | 151 | 120 | 120 | 127 | 105 | 115 | 123 |
| Aug. | 154 | 163 | 343 | 109 | 93 | 152 | 121 | 120 | 127 | 105 | 115 | 124 |
| Sept. | 156 | 167 | 343 | 109 | 93 | 154 | 122 | 123 | 127 | 105 | 115 | 125 |
| Oct. | 158 | 168 | 356 | 109 | 94 | 155 | 124 | 124 | 132 | 106 | 116 | 126 |
| Nov. | 158 | 169 | 356 | 109 | 94 | 155 | 124 | 124 | 132 | 106 | 117 | 126 |
| Dec. | 158 | 169 | 356 | 109 | 94 | 155 | 124 | 124 | 132 | 106 | 117 | 127 |
| 1964 | | | | | | | | | | | | |
| Jan. | 164 | 175 | 361 | 113 | 104 | 159 | 129 | 129 | 134 | 110 | 129 | 129 |
| Feb. | 165 | 177 | 361 | 113 | 105 | 160 | 130 | 130 | 134 | 110 | 130 | 130 |
| March | 167 | 180 | 361 | 114 | 106 | 162 | 131 | 132 | 134 | 110 | 132 | 132 |
| April | 169 | 182 | 361 | 114 | 106 | 163 | 132 | 134 | 134 | 111 | 132 | 133 |
| May | 170 | 185 | 361 | 114 | 106 | 164 | 133 | 136 | 134 | 111 | 132 | 134 |
| June | 170 | 185 | 361 | 114 | 107 | 165 | 134 | 136 | 134 | 110 | 132 | 135 |

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 | | | |
| 1961 | 125 | 132 | 127 | 120 | 122 | 136 | 131 | 119 | 125 | 49 004 | 150 |
| 1962 | 133 | 151 | 133 | 127 | 114 | 141 | 144 | 126 | 133 | 47 264 | 160 |
| 1963* | 139 | 136 | 142 | 135 | 117 | 154 | 141 | 134 | 140 | 47 784 | 169 |
| 1962 | | | | | | | | | | | |
| Oct. | 151 | 177 | 151 | 143 | 113 | 158 | 168 | 144 | 135 | 2 552 | 177 |
| Nov. | 145 | 164 | 147 | 136 | 110 | 152 | 156 | 140 | 135 | 2 966 | 171 |
| Dec. | 123 | 139 | 127 | 111 | 101 | 131 | 134 | 112 | 137 | 3 604 | 175 |
| 1963* | | | | | | | | | | | |
| Jan. | 144 | 159 | 144 | 137 | 113 | 151 | 162 | 130 | 137 | 4 245 | 132 |
| Feb. | 135 | 132 | 137 | 130 | 113 | 147 | 141 | 126 | 138 | 4 995 | 142 |
| March | 139 | 139 | 141 | 136 | 123 | 150 | 146 | 130 | 137 | 5 409 | 156 |
| April | 136 | 133 | 137 | 133 | 126 | 140 | 139 | 132 | 135 | 4 036 | 171 |
| May | 147 | 149 | 147 | 146 | 131 | 158 | 152 | 142 | 137 | 10 095 | 191 |
| June | 130 | 128 | 128 | 134 | 109 | 126 | 134 | 131 | 138 | 1 941 | 167 |
| July | 106 | 83 | 114 | 96 | 112 | 146 | 83 | 100 | 139 | 1 299 | 153 |
| Aug. | 143 | 137 | 142 | 147 | 108 | 157 | 137 | 146 | 142 | 1 936 | 183 |
| Sept. | 148 | 146 | 151 | 141 | 111 | 169 | 151 | 141 | 142 | 2 192 | 176 |
| Oct. | 162 | 160 | 167 | 152 | 132 | 182 | 166 | 156 | 148 | 3 189 | 181 |
| Nov. | 151 | 145 | 157 | 141 | 110 | 169 | 152 | 146 | 143 | 3 915 | 173 |
| Dec. | 133 | 127 | 139 | 123 | 118 | 148 | 132 | 124 | 144 | 4 534 | 201 |
| 1964* | | | | | | | | | | | |
| Jan. | 148 | 146 | 154 | 137 | 117 | 163 | 153 | 137 | 145 | 5 553 | 114 |
| Feb. | 147 | 144 | 152 | 138 | 127 | 162 | 152 | 137 | 144 | 6 031 | 143 |
| March | 146 | 139 | 152 | 136 | 121 | 162 | 147 | 137 | 149 | 6 500 | 142 |
| April | 157 | 150 | 161 | 153 | 150 | 169 | 158 | 153 | 142 | 5 469 | 169 |
| May | 144 | 126 | 149 | 137 | 127 | 164 | 140 | 137 | 146 | 11 353 | 162 |

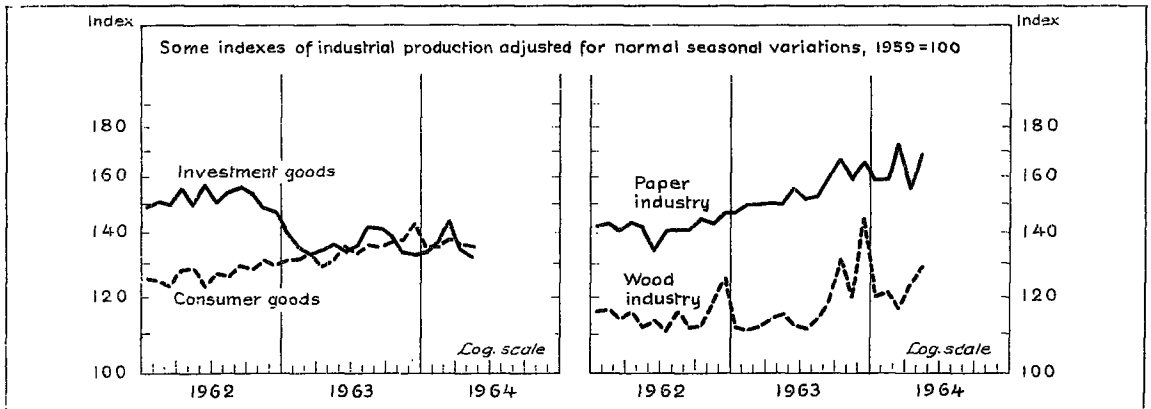


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

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 |
| 1962 | 23.18 | 10.61 | 2.15 | 7.11 | 2.31 | 25.53 | 132 | 120 | 128 | 134 |
| 1963* | 24.77 | 12.57 | 2.21 | 6.60 | 2.43 | 25.16 | 145 | 136 | 144 | 143 |
| 1963* | | | | | | | | | | |
| Jan. - Mar. | 4.34 | 2.51 | 0.21 | 1.16 | 0.34 | 25.15 | 138 | 130 | 140 | 137 |
| Apr. - June | 4.71 | 2.36 | 0.28 | 1.41 | 0.49 | 26.57 | 145 | 137 | 148 | 145 |
| July - Sept. | 6.87 | 2.63 | 0.72 | 2.05 | 1.10 | 27.86 | 148 | 137 | 147 | 145 |
| Oct. - Dec. | 8.85 | 5.07 | 1.00 | 1.98 | 0.50 | 25.16 | 148 | 137 | 146 | 145 |
| 1964* | | | | | | | | | | |
| Jan. - Mar. | 4.41 | 2.30 | 0.23 | 1.36 | 0.40 | 24.48 | .. | .. | .. | .. |

| Period | Railways | | Foreign shipping | | | | Labour input | | Unemployment | |
|--------|-------------------------------|------|------------------------------|-------|--------------------------------------|-------|------------------|-------|-------------------------|-------|
| | Goods trucks loaded Thousands | | Vessels arrived with cargo — | | Vessels departed 1 000 net reg. tons | | 1 000 man-months | | % of total labour force | |
| | 1963 | 1964 | 1963 | 1964* | 1963 | 1964* | 1963* | 1964* | 1963* | 1964* |
| Jan. | 132 | 125 | 485 | 576 | 458 | 527 | 1 830 | 1 854 | 2.3 | 2.7 |
| Feb. | 125 | 124 | 293 | 538 | 281 | 451 | .. | 1 851 | 2.3 | 2.3 |
| March | 13 | 122 | 293 | 535 | 171 | 389 | 1 819 | 1 839 | 2.1 | 1.8 |
| April | 145 | 138 | 510 | 588 | 438 | 487 | 1 841 | 1 882 | 1.6 | 1.5 |
| May | 156 | 125 | 751 | 755 | 688 | 709 | 1 905 | 1 927 | 0.8 | 1.1 |
| June | 128 | 128 | 830 | 995 | 870 | 963 | 1 895 | | 0.8 | |
| July | 133 | | 977 | | 1 134 | | 1 737 | | 1.0 | |
| Aug. | 139 | | 919 | | 1 033 | | 1 851 | | 1.0 | |
| Sept. | 139 | | 745 | | 842 | | 1 922 | | 1.1 | |
| Oct. | 148 | | 697 | | 752 | | 1 910 | | 1.3 | |
| Nov. | 132 | | 661 | | 658 | | 1 895 | | 1.6 | |
| Dec. | 110 | | 657 | | 614 | | 1 871 | | 2.0 | |



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. *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.

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 sight liabilities + Other cheque accounts + Deposits against import licences (in 1956) — 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 fact 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 first according to the Laspeyres formula but at the end of each year adjustments are made according to the Fisher formula, and the level of the quarterly indexes is corrected so that their arithmetic mean equals the annual index. Thus the series above and below the line are not fully comparable. 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. *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 o 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 1962 are as follows: Agrarians 53, People's Democrats 47, Social Democrats 38, Conservatives 32, Swedish Party 14, Finnish People's Party 13, Social Democratic League 2 and Liberal League 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 %, communes and parishes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1962): 4.5 million. Sweden 7.6, Switzerland 5.7, Denmark 4.7 and Norway 3.6 million.

DENSITY OF POPULATION (1962): In South Finland 25.2, in North Finland 4.2 and in the whole country an average of 14.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1962): 60 % of the population inhabit the rural areas, 40 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 476 400 inhabitants, Tampere (Tammerfors) 133 300, Turku (Åbo) 130 800.

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

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

EDUCATION (1962): 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 (1962): births 18.1 ‰, deaths 9.5 ‰, increase 8.0 ‰. Deaths in France 11.5 ‰, and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1962, in million marks) Gross domestic product at market prices 17 070 (excl. repairs and maintenance). Net domestic product at factor cost, by industrial origin: agriculture 1 421 (10 %), forestry and fishing 1 376 (10 %), manufacturing 4 257 (31 %), construction 1 393 (10 %), transport and communications 1 064 (8 %), commerce, banking and insurance 1 771 (13 %), general government 1 635 (12 %), other services 838 (6 %), total 13 755. Index of real domestic product 127 (1957 = 100).

FOREST RESOURCES (1951—1953): The growing stock comprised 1 493 million of solid cu. m incl. bark (52 660 million

cu. ft), of which pine 43.7 % and spruce 35.7 %, the rest 20.6 % being leaf-trees, chiefly birch. Of the growing stock 10 900 million cu. ft, 58.0 % of them pine, was up to the standard required for logs. The annual growth is 46 million solid cu. m green wood excl. bark (1 620 mill. cu. ft). The total removal in 1954 calculated according to the use of wood was 45 million cu. m (1 589 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 121 for 1962 (1954 = 100). Measure of self-sufficiency in bread cereals 89 % in the crop year 1961/62.

INDUSTRY (1962): Gross value of industrial production 14 500 mill. marks, number of workers 352 000, salaried employees 71 100, motive power (1962) 5.0 mill. HP. Index of industrial production 133 for 1962 (1959 = 100).

RAILWAYS (Jan. 1, 1964): Length 5 427 km, of which 5 353 km are State and 74 km private railways. The gauge of State railways 1 524 m.

MERCHANT FLEET (June 30, 1964): Steamers 165 (275 278 gross reg. tons), motor vessels 360 (655 620 gross reg. tons), sailing vessels with auxiliary engines 41 (4 930 gross reg. tons). Total 566 (935 828 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1963): Private cars 294 400, lorries and delivery vans 78 800, buses 6 800, others 13 900. Total 393 900.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1963): Kilometres flown 12.6 million, passengers carried 696 000, passenger kilometres 312.6 million, and ton kilometres of freight and mail 5.0 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, 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 1961 expenditure amounted to 2 188 mill. marks. Total revenue was 2 221 million, of which income from taxation 1 089 million. The municipal income tax (non-progressive) averaged 11.92 % 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, 1963). There are two big and four small commercial banks with in all 682 offices, 383 savings banks, 504 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 Pensions Institution and sixty-five private insurance companies also grant credits.

RATES OF INTEREST (May 1, 1964). Bank of Finland discount rates 6—7 1/8 %. Other credit institutions: term deposits 4 1/8 %, 12 months' deposits 6 %, 100 per cent index-tied deposits 2 1/2 %, 50 per cent index-tied deposits 4 %; highest lending rate 8 %.

THE METAL INDUSTRY IN THE FINNISH ECONOMY ¹⁾

BY

JUKKA I. WALLENIUS, M. Sc.

PAST DEVELOPMENT

Metal-working may be counted among the oldest of Finnish industries. Before the First World War, the metal industry had achieved a noteworthy position in Finland, mainly by reason of exports bound for Russia. The outlet was cut off in 1917, and a long period of stagnation ensued, which did not end until well after the Great Depression. Expansion which began in 1934 was strengthened by the Second World War. In 1944, the metal industry was still to a large extent considered as a subsidiary industry.

The War Reparations Agreement constituted the decisive factor which restarted the growth of the metal industry, making it finally one of the three leading industries in the country. The reparations deliveries established a favourable basis, especially as regards the largest firms, for specialization in production lines, and the improvement of production techniques. Although reparations payments came to an end in 1952, it was possible to maintain the volume of production in the metal industry at a high level. The most important factors which contributed to this end were: the bilateral trade agreements between the Soviet Union and

Finland, fairly fast mechanization of the domestic construction industries, a residential construction boom, and considerable expansion of the capacity of pulp and paper mills.

From 1945 to 1961, the production volume of the metal industry had an average annual growth of about 7 per cent, slightly less than the corresponding average figure for mining, manufacturing and utilities (electricity, gas and water supply). However, in 1945 the initial level of production of the metal industry was about 20 per cent higher than in 1938, whereas that of the reference group was much lower in 1945 than in 1938.

| | Metal industry | Mining, manufacturing and utilities |
|---|----------------|-------------------------------------|
| <i>Volume of production (1954 = 100)</i> | | |
| 1938 | 36.6 | 49.8 |
| 1945 | 43.4 | 45.2 |
| 1961 | 157.0 | 154.6 |
| <i>Rate of growth from 1945 to 1961 per annum</i> | | |
| Volume of production | 7.1 | 7.3 |
| Productivity | 4.9 | 4.7 |

The average productivity rose by almost 5 per cent annually, and employment by slightly more than 2 per cent annually. The rates of growth of the volume of production and productivity dropped by some 2 per cent annually, and that of employment increased by about 1 per cent annually during the second half of the preceding ten years.

¹⁾ The subsequent account has been based mainly on a study "Metal Industry in the Finnish Economy", published in Finnish in Series A of the Economic Research Institute of Finnish Industry recently. The official Industrial Statistics, Foreign Trade Statistics and data from National Income Statistics have been used as additional source material.

As for the rates of expansion of the different sub-sectors of the metal industry, it can be noted that during the whole post-war period the electro-technical industry has displayed the most rapid expansion of all the sub-sectors. Nonetheless, since 1954, the growth rate has been highest in basic metals production, reflecting an improvement in the domestic raw materials supply.

In 1954 about 15 per cent of the gross value of production of the metal industry was exported, mainly to countries of the Eastern Bloc. At present, the proportion of exports amounts to almost 20 per cent of the gross value of production. Since 1953, which marked the termination of reparations payments, the volume of exports of metal industry products has increased at an average annual rate of about 8 per cent.

PRESENT POSITION AND STRUCTURE

In 1962, the net domestic product of the metal industry amounted to 1 120 million marks, approximately 26 per cent of the total value added of all manufacturing, mining and utilities, or about 8 per cent of the net domestic product. This proportion shows that currently the metal industry provides a share of the volume of domestic production which is almost as great as that of the entire agricultural sector. The following figures show the distribution of the total value added and of employment in the different sub-sectors.

| Sub-sector | ISIC Group No. | Value added 1962 Mill. mk | Employ- ment 1962 Man years |
|--|-------------------|------------------------------------|--------------------------------------|
| Basic metals | 34 | 121.3 | 9 621 |
| Misc. metal products | 35 | 205.8 | 21 222 |
| Machinery | 36 | 429.0 | 38 454 |
| Electrical machinery & appliances | 37 | 192.5 | 17 155 |
| Transport equipment | 38 | 362.4 | 39 117 |
| Total | | 1 311.0 | 125 569 |

The metal industry employs about 30 per cent of the total industrial labour force, or about 6 per cent of the total labour force of the country. In 1962, the total labour force of the metal industry was 126 000.

The distribution of the gross value of domestic production¹⁾ of the different sub-sectors by different uses in 1959, as estimated by an input-output study, is shown in the table below.

It can be noted that exportation and fixed capital formation play an important rôle in the sub-sectors of machinery and transport equipment. The gross value of metal industry products exported in 1959 amounted to about 15 per cent of total exports. For the metal industry itself, this export figure is even more important, its proportion being of the order of 20 per cent.

A substantial quantity of metal industry products is also imported by Finland. The table on page 20 indicates the extent of these imports in 1959.

¹⁾ Including the gross value of handicrafts production, which accounts for approximately 5 per cent of the gross value of production.

DISTRIBUTION OF THE GROSS VALUE OF DOMESTIC METAL INDUSTRY PRODUCTION, 1959

| Sub-sector | Raw materials | Domestic capital formation | Domestic consump- tion | Exports | Total* |
|---|------------------|----------------------------------|------------------------------|---------|--------|
| | Million marks | | | | |
| Basic metals | 480 | 11 | 0 | 48 | 540 |
| Misc. metal products | 166 | 66 | 40 | 14 | 286 |
| Machinery | 211 | 111 | 33 | 152 | 506 |
| Electrical machinery & appliances | 137 | 56 | 55 | 31 | 280 |
| Transport equipment | 194 | 141 | 80 | 192 | 606 |
| Total | 1 188 | 385 | 208 | 437 | 2 218 |

*) The horizontal totals do not tally by reason of rounding off.

IMPORTS OF METAL INDUSTRY PRODUCTS, 1959

| Sub-sector | Value of imports c.i.f. | | Uses of imports for | | | Import proportion of total domestic supply % |
|--|----------------------------|-------|-----------------------------------|----------------------|------------------|---|
| | Competing | Total | Raw materials Million marks | Capital formation | Consump- tion | |
| Basic metals | 121 | 229 | 229 | 0 | — | 32 |
| Misc. metal products ... | 89 | 89 | 63 | 16 | 10 | 25 |
| Machinery | 307 | 378 | 94 | 283 | 1 | 52 |
| Electrical machinery & appliances | 105 | 149 | 54 | 77 | 19 | 37 |
| Transport equipment ... | 241 | 340 | 100 | 180 | 61 | 45 |
| Total | 863 | 1 185 | 540 | 556 | 91 | 40 |

The two tables show that in 1959 domestic production covered more than two thirds of the total domestic demand for raw materials and consumption goods by the metal industry, but only 40 per cent of the domestic demand for capital goods. Domestic raw material input covers about 90 per cent of the value of all raw materials consumed in the production of basic metals. In the other sub-sectors the corresponding proportion varies between 50 and 60 per cent.

The product assortment of the Finnish metal industry is greatly varied. The largest group of articles, with both domestic production and imports taken into consideration, is that comprising machinery, other than electrical. It covers about one fourth of the gross value of domestic production, and almost one third of the c.i.f. value of imports. The largest sub-group of products within this group consists of paper and pulp mill machinery, amounting to more than one third of the total. The second and third largest groups with respect to domestic production are iron, steel and copper, then ships and boats, with electrical machinery and appliances coming next. As regards imports, the second largest metal industry product group relates to road motor vehicles.

The competitive power of the Finnish metal industry is vested principally in the high quality of the goods produced. A great part of the articles exported, for instance ice breakers and paper machines, are "tailor-made" to serve the individual needs of cus-

tomers. They indicate the possession of a high level of technical knowledge and skill required for their design and construction.

SHORT-TERM PROBLEMS AND PROSPECTS

International competition, both on domestic markets and abroad, will probably be intensified during the sixties. The potential export markets of the Finnish industries will widen. At the same time, however, domestic producers will face keener competition on the home market as well.

Two thirds of the exports of metal industry products are shipped to countries of the Eastern Bloc. There is reason to believe that competition will also grow in this market, a traditional one for Finland. Opening new export markets will demand vigorous efforts. In spite of these problems, it is believed that in the long run an annual growth rate of 6 per cent or more in the volume of the exports of metal industry products is attainable. The opportunities of a small country such as Finland lie in high quality special products; the sale of standard commodities can hardly be counted on.

The Finnish market for investment goods produced by the metal industry can also be regarded as a fairly large one if the present substantial proportion of imports is borne in mind. However, it is probable that only a minor part of these imports can be replaced by substitutes. It is thought possible that in any case domestic producers will retain their share of the market for investment goods.

The principal component of the demand for consumption goods produced by the metal industry consists of consumers' durables. An annual growth rate as high as 8 per cent can be taken as feasible for these. Domestic producers may be able to increase their market shares of most of the goods belonging to this group.

In general, the prospects of the Finnish metal industry can be regarded as fairly good. At present, the following problems, the solution of which will determine the competitive power of the Finnish metal industry in the future, call for attention: how can the inflationary pressures on wages and prices be checked, and how can the necessary capital requirements be financed, especially

with respect to export credits and suppliers' credits for the home market. Some other problems also exist, such as how the growth of productivity can be accelerated by means of appropriate adjustment measures, and on what products design and development work should be concentrated. However, it is believed that these problems can be solved by dint of the combined efforts of the industry itself and of the authorities. The attainment of a maximum growth rate for the total national output under conditions of full employment apparently demands a very large contribution from the metal industry. The metal industry is expected to be one of the most important growth factors in the Finnish economy.

ITEMS

World Bank's highway loan to Finland. On July 10, 1964, the World Bank granted a loan equivalent to 28.5 million dollars to Finland for highway transport. The loan will assist in the construction, paving, maintenance and further modernization of Finland's road network, and will also include funds for a study of the country's long-term transport requirements.

The construction and maintenance of all public roads in Finland come under the jurisdiction of the National Board of Roads and Waterways (NBR), an organization within the Ministry of Communications and Public Works. In the past seven years, road traffic has more than doubled, and the main problem confronting NBR has been the expansion and improvement of the road system to accommodate this increased volume of traffic. During the last three years, about 2 200 miles (3 500 km) of roads have been reconstructed or newly built.

Under the paving programme to be assisted by the Bank Loan, 1 500 miles (2 400 km) of roads will be paved with asphalt-concrete surfacing, mainly with respect to roads that have been newly built to replace low-standard roads. They are widely scattered through the country, and have been selected on the basis of traffic density.

Because of the sharp increase in traffic around the larger cities, the construction of clearways has become a necessity. The first of these to be built was a section out of Helsinki, and others are planned. Part of the Bank Loan will help to finance a clear-

way which will run 9 miles (14.3 km) between Gumböle and Veikkola, a continuation of the 9.6 mile (15 km) section between Helsinki and Gumböle opened to traffic last year. These sections constitute the zones of heaviest traffic on the road connection between Helsinki and Turku, the two largest cities in Finland.

In 1960, NBR was responsible only for the main road system comprising 24 375 miles (39 000 km) of roads. Since then, it has been taking over responsibility for local roads as well, and 21 125 miles (33 800 km) of these will have been placed under its jurisdiction by 1966. The purpose of this transfer is the improvement of standards of maintenance, which will necessitate a large increase in NBR's equipment. A special feature of road maintenance in Finland is snow clearance to keep traffic moving in winter, and nearly a third of the maintenance costs are spent on this. NBR has already arranged for the procurement in Finland of about half of the additional maintenance equipment it will need. The Bank Loan will cover the cost of the equipment still to be purchased.

Finland's transport sector, particularly roads and railroads, will require large investments in the coming years, and better planning and co-ordination have become essential. In recognition of this need, the Finnish government has asked the Bank to help organize an overall study which would provide the basis for a co-ordinated transport policy, and for the formulation of a

long-range investment programme. General agreement has already been reached on the terms of reference, staffing for and timing of the study. The loan includes funds to cover the external costs of retaining foreign experts to assist in the study.

The road projects are scheduled for completion in three years. Contracts for the clearway and paving will be let out on the basis of international competitive bidding, and the maintenance equipment will be procured on the same basis.

The Loan is for a term of 15 years, and bears interest at a rate of $5\frac{1}{2}$ per cent per annum. Amortization will begin in March 1968.

This was the Bank's eleventh loan in Finland, and brings lending there to a gross total of 187.6 million dollars. Earlier loans were mainly for the wood processing industry and electric power.

*

New DM bond loan. The Republic of Finland issued in July a DM 50 million bond loan on the capital market of the Federal Republic of Germany. The loan carries an interest rate of 6 per cent, and was issued at $98\frac{1}{4}$ per cent. Its currency period is $15\frac{1}{2}$ years, and it will be amortized after $5\frac{1}{2}$ years of grace in ten annual instalments. The effective yield of the loan, calculated on the basis of average maturity, is thus about $6\frac{1}{4}$ per cent. The loan will be listed in stock exchanges in Hamburg, Düsseldorf and Frankfurt/Main.

The loan was issued through a syndicate headed by the Dresdner Bank AG, Hamburg, and consisting of 17 German, one Dutch and two Finnish banks.

This is the second public issue of the Republic of Finland in West German capital market. The first bond loan, DM 40 million, was issued in March this year; it carries a $6\frac{1}{4}$ per cent interest rate, its currency

period is also $15\frac{1}{2}$ years, and its issue price was 98 per cent. The effective yield, calculated on the basis of average maturity, was thus about $6\frac{1}{2}$ per cent, or $\frac{1}{4}$ per cent more than that of the new loan.

In May 1964, the Republic also issued a 12-year, 6 per cent bond loan in the New York market at an issue price of 98. The amount of the loan was \$15 million.

*

External loan of \$8 000 000. The Rautaruukki Oy ironworks company has issued external loan bonds of U.S. \$8 000 000. The loan has been underwritten by Hambros Bank Ltd, London, and a group of Scandinavian banks. This is the first Finnish loan to be arranged in London capital markets since 1923.

The loan has a currency period of 15 years starting June 23, 1964, and is redeemable annually during 1969—78 by ten equal instalments of U.S. \$725 000, and by a final instalment of U.S. \$750 000 in 1979. Interest at a rate of $6\frac{1}{4}$ per cent per annum is payable half-yearly, starting Dec. 23, 1964. The price of issue is $98\frac{1}{2}$ per cent.

The loan is guaranteed as regards both principal and interest by the Republic of Finland.

The loan will be used for the development of domestic ore refining.

*

Domestic bond loans. On May 28, the Government decided on the issue of a *labour pensions fund loan at a variable rate of interest*. The bonds are dated July 1, 1964. The loan amounts to 10 million marks, and has a currency period of 10 years. The rate of interest is $2\frac{3}{4}$ per cent above the general rate (currently $4\frac{1}{2}$ per cent) of six-month deposits of the two largest commercial banks. Amortization and interest are tied to the cost of living index to the extent of 50 per cent. The loan is issued at par.

On December 21, 1963, the Treasury was authorized to borrow up to 30 million marks from the Bank of Finland, the Post Office Savings Bank and the National Pensions Institution, to cover budgeted grants of employment-promoting credits to the shipbuilding industry. The first loan, amounting to 10 million marks, was a promissory note loan granted by the National Pensions Institution in February, 1964.

The second 1964 shipbuilding loan amounts to 20 million marks. It will be issued in two series during the period July 1, 1964 to June 30, 1965. Series I (10 million) will be sold to the Post Office Savings Bank, and when this had been sold out, Series II (10 million) will be sold to the Bank of Finland. For Series I, the rate of interest is $2\frac{3}{4}$ per cent above the general deposit rate of the two largest commercial banks, and for Series II, the rate is fixed at 7 per cent. The bonds are dated July 1, 1964, and will run for 10 years. The loan is issued at par.

At the beginning of July, the Government launched two loans for subscription by banking institutions. The first was a 1964 bond loan at $6\frac{1}{2}$ per cent, amounting to 20 million marks; the bonds are dated July 1, and will mature in ten years. The loan is tied to the cost of living index to the extent of 50 per cent.

The second was the 1964 II bond loan at 8 per cent to an amount of 20 million marks. The bonds are dated July 1, and will mature in five years. — Both loans were issued at par.

Authorization has been given to the Real Estate Bank in Finland for the issue of a private bond loan for 5 million marks. The bonds will be dated Oct. 1, 1964, and will

run for ten years. The rate of interest is 2 per cent above the general deposit rate (currently $4\frac{1}{2}$ per cent) of the savings banks. The loan has an index clause of 50 per cent linked to the cost of living index. The price of issue is 100 per cent.

*

Trade agreement. Finland has recently concluded trade agreements with the following countries.

Albania, on May 26, 1964. Finnish exports will include paper, cables, precision instruments and spare parts, while imports will include tobacco, tinned goods, chrome and consumption goods. Payments will be made in convertible currencies.

Poland, on June 16, 1964. Period: three years beginning January 1, 1964. The exchange of goods will be effected on the basis of the export and import lists fixed for 1964, which will subsequently be adjusted for each of the following years. Finland will export chemical pulp, copper, iron ore, and machinery and equipment for pulp, cellulose and paper mills. Finnish imports will principally consist of coal, machinery and industrial equipment.

Hungary, on June 27, 1964. Period: three years, beginning July 1, 1964. The exchange of goods will be effected on the basis of the export and import lists fixed for the first year of the agreement, and will subsequently chemicals, cables and some raw materials. The Finnish export list will include wood industry products, machinery and equipment, chemicals, cables and some raw materials. The import list covers different agricultural products, metal industry and electrical industry products, textiles, and aluminium, iron and steel products.

BANK OF FINLAND

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