



BANK OF FINLAND

MONTHLY BULLETIN

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MAY

1967

NEW AGRICULTURAL PRICE ACT

The Agricultural Price Act for the crop years 1962/63—1964/65 expired in August 1965. According to this act the development of farm incomes was administered through tying the producer price level of agricultural products to the general level of earnings. The new act was passed by Parliament only at the end of February 1967. The adjustment of agricultural prices in September 1965 and in February 1966 was made for the most part on the basis of the old act. Likewise the principles of the old act were followed when adjusting agricultural prices in September 1966 in accordance with the agreement made between the different government parties. The new Agricultural Price Act passed now covers the crop years 1967/68 and 1968/69.

The new act is based on the principle that agricultural prices are adjusted to changes in the prices of agricultural inputs and in farmers' living costs. The real increase in farmers' income is thus dependent on the productivity of agriculture.

The new system differs considerably from the old one which enabled farmers to benefit from the increase in productivity in other sectors of the economy through the built-in linkages between agricultural prices and earnings. The paragraph in the previous act stipulating that agriculture was to obtain only the world market price for an increase

in production or exports was excluded in the new act. The balance between output and consumption of agricultural products will thus have to be achieved through other agricultural policy measures.

According to the new Agricultural Price Act total agricultural output is no longer calculated. The calculations cover only rye, wheat, milk, beef, pork and eggs, for which target prices are set. The base level used is the price level of the crop year 1966/67 with some minor exceptions.

The new act provides for a change in the target price level of agricultural products following a special index of adjustment, which is obtained by calculating the average of the price index of agricultural inputs and of the farmers' consumer price index. The price index of agricultural inputs is computed on the basis of the cost of requisites, wages of hired labour, buildings and equipment. The changes in the farmers' consumer price index are ascertained with the aid of the official cost of living index which, however, excludes certain agricultural products. The weights used in the calculations are kept up-to-date by revising them so that they correspond to the latest available output and cost figures.

On page 18, Finland's Foreign Trade in 1966

The prices of agricultural products are reviewed annually, as before, by the end of August. Thereby the average price level of rye, wheat, milk, beef, pork and eggs is altered in line with the change in the index. The prices are also adjusted by the end of February, again according to the index of adjustment. This year, however, there was no February adjustment.

The new system implies a much more simple method for the calculation of agricultural prices than the old system. When implementing the target prices attention is paid to the average price level of those products which have target prices. The changes in production and markets can there-

fore better be taken into consideration. As to the agricultural prices outside the calculations it has been presumed that their price level will change in relation to those products with target prices.

Acreage subsidies are also paid to small farmers under the new act. These are also tied to the adjustment index. The maximum area for which the subsidy is granted is 12 hectares of cultivated land in south Finland, 15 in central Finland and 20 in north and east Finland. In addition there is the criterion of a maximum taxable income set annually by the Cabinet.

April 24, 1967.

BANK OF FINLAND

Mill. mk

	1966		1967			
	Dec. 31	March 31	March 31	April 8	April 15	April 22
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	637.2	903.6	672.7	656.1	672.2	757.6
Gold	143.9	184.4	152.6	152.5	152.5	152.1
IMF gold tranche	100.0	100.0	—	—	—	—
Foreign exchange	312.0	535.5	442.7	426.6	441.5	527.6
Foreign bills	56.4	54.6	54.8	54.4	55.6	55.3
Foreign bonds	24.9	29.1	22.6	22.6	22.6	22.6
<i>Supplementary note cover</i>	1 063.7	641.0	866.2	886.5	862.2	922.1
Inland bills discounted						
In foreign currency	36.3	45.5	39.5	39.5	38.2	37.7
In Finnish currency	112.2	40.9	98.2	101.9	104.0	104.8
Rediscounted bills	915.2	554.6	728.5	745.1	720.0	779.6
<i>Other assets</i>	424.6	236.6	454.6	470.3	497.2	462.6
Finnish bonds	284.8	119.0	312.0	328.0	356.5	319.6
Cheque accounts	2.1	3.6	5.0	4.0	3.2	3.0
Finnish coin	11.7	9.5	14.7	14.9	15.5	15.8
Other claims	126.0	104.5	122.9	123.4	122.0	124.2
Total	2 125.5	1 781.2	1 993.5	2 012.9	2 031.6	2 142.3
Liabilities						
<i>Notes in circulation</i>	1 106.2	946.8	964.9	959.5	974.0	987.5
<i>Liabilities payable on demand</i>	179.6	112.1	95.7	110.4	110.4	133.2
Foreign exchange accounts	61.2	41.4	49.9	51.2	56.0	57.8
Mark accounts of holders abroad	16.2	25.0	13.2	13.1	13.1	13.1
Cheque accounts						
Treasury	39.8	0.5	2.4	0.9	1.5	17.2
Post Office Savings Bank	17.3	1.1	8.1	3.2	0.1	5.2
Private banks	13.8	21.5	—	21.3	18.9	19.6
Other	2.8	2.0	1.9	1.4	1.3	1.3
Other sight liabilities	28.5	20.6	20.2	19.3	19.5	19.0
<i>Term liabilities</i>	126.3	82.2	246.5	251.9	260.4	336.4
Foreign	84.6	45.6	84.6	84.6	82.9	158.9
Finnish	41.7	36.6	161.9	167.3	177.5	177.5
<i>Equalization accounts</i>	266.9	205.4	232.6	236.6	231.6	229.1
<i>Bank's own funds</i>	446.5	434.7	453.8	454.5	455.2	456.1
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	112.6	112.6	129.5	129.5	129.5	129.5
Profits undisposed	—	14.7	16.9	16.9	16.9	16.9
Earnings less expenses	33.9	7.4	7.4	8.1	8.8	9.7
Total	2 125.5	1 781.2	1 993.5	2 012.9	2 031.6	2 142.3
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	637.2	903.6	672.7	656.1	672.2	757.6
Supplementary cover						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	500.0	700.0	700.0	700.0	700.0
Total	1 337.2	1 403.6	1 372.7	1 356.1	1 372.2	1 457.6
Note issue						
Notes in circulation	1 106.2	946.8	964.9	959.5	974.0	987.5
Liabilities payable on demand	179.6	112.1	95.7	110.4	110.4	133.2
Undrawn on cheque credits	4.9	3.5	3.0	3.0	3.8	4.0
Undrawn right of note issue	46.5	341.2	309.1	283.2	284.0	332.9
Total	1 337.2	1 403.6	1 372.7	1 356.1	1 372.2	1 457.6

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
1959	730.7	21.2	709.5	92.5	158.4	643.6	103.3	37.6	64.2	76.7
1960	686.0	40.6	645.4	67.0	142.7	569.7	37.5	32.4	61.9	8.0
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1966										
Feb.	914.2	39.8	874.4	81.8	52.8	903.4	—	— 1.1	2.5	— 3.6
March	819.9	41.4	778.5	83.7	70.6	791.6	16.5	— 1.1	0.5	14.9
April	767.5	39.0	728.5	89.2	68.4	749.3	16.5	— 1.1	6.6	8.8
May	760.6	40.6	720.0	86.5	65.3	741.2	16.5	— 1.1	0.7	14.7
June	698.0	41.4	656.6	87.7	58.4	685.9	16.5	— 1.1	0.2	15.2
July	703.9	43.1	660.8	85.8	58.4	688.2	11.5	— 1.1	0.9	9.5
Aug.	657.9	38.6	619.3	84.4	58.2	645.5	11.5	— 1.1	3.1	7.3
Sept.	649.4	37.4	612.0	87.4	57.4	642.0	11.5	— 1.1	3.0	7.4
Oct.	617.5	35.7	581.8	87.8	55.1	614.5	11.5	— 1.1	3.5	6.9
Nov.	560.7	43.3	517.4	88.3	55.4	550.3	11.5	— 1.1	4.3	6.1
Dec.	555.9	61.2	494.7	81.3	100.8	475.2	11.5	— 1.1	39.8	— 29.4
1967										
Jan.	602.7	46.1	556.6	82.5	97.8	541.3	8.3	— 1.1	1.1	6.1
Feb.	619.5	47.2	572.3	78.6	98.0	552.9	8.3	— 1.1	0.3	6.9
March	595.3	49.9	545.4	77.4	97.8	525.0	8.3	— 1.1	2.4	4.8

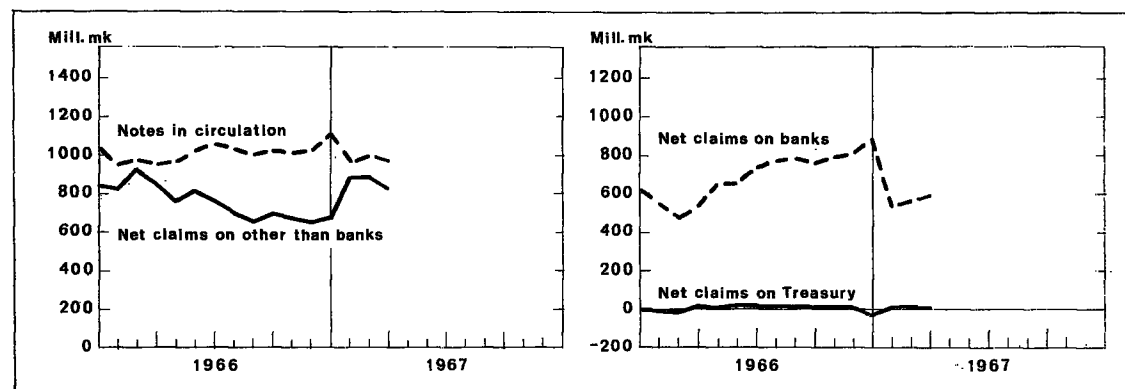
	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1966			Net holdings, March 31, 1967			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	March	Jan.—Mar.
Gold	144	—	144	152	—	152	+ 8	+ 8
Convertible currencies	274	—189	85	264	—231	33	+ 7	— 52
Other currencies	— 23	1	— 22	129	2	131	+ 51	+153
IMF gold tranche	100	—	100	—	—	—	—100	—100
Total	495	—188	307	545	—229	316	— 34	+ 9

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 ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
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	4.4	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1966										
Feb.	484.6	7.7	3.2	1.5	472.2	41.6	131.3	61.4	111.5	968.4
March	554.6	21.5	1.1	1.2	530.8	40.9	137.1	56.9	121.1	946.8
April	640.1	— 12.6	5.2	2.7	644.8	44.3	122.4	55.2	111.5	962.4
May	664.8	10.8	0.9	1.8	651.3	43.3	116.7	53.1	106.9	1 019.1
June	766.3	29.5	4.7	2.3	729.8	41.2	156.5	52.7	145.0	1 046.7
July	781.7	10.6	1.5	2.4	767.2	42.2	146.7	52.4	136.5	1 031.8
Aug.	811.5	29.4	4.2	0.8	777.1	40.1	143.1	52.0	131.2	1 005.2
Sept.	781.5	10.4	8.4	0.8	761.9	53.7	164.0	52.7	165.0	1 017.2
Oct.	807.5	— 1.0	21.5	0.5	786.5	61.9	169.2	47.6	183.5	1 011.7
Nov.	848.7	— 0.5	44.4	0.3	804.5	62.0	175.1	44.6	192.5	1 016.5
Dec.	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967										
Jan.	611.1	73.4	5.3	— 1.2	533.6	106.8	157.0	57.7	206.1	968.7
Feb.	637.9	64.5	14.7	— 0.7	559.4	88.0	152.5	55.4	185.1	991.7
March	728.5	101.4	29.7	— 1.0	598.4	98.2	158.1	59.9	196.4	964.9

¹⁾ Including cash reserve accounts in 1961 and from February 1967.



DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
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	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966*	625.5	850.2	318.0	3 637.2	3 338.3	2 224.9	863.6	380.7	10 444.9	11 613.1
1966*										
Feb.	642.8	800.9	356.6	3 144.3	3 039.3	2 038.7	798.4	364.8	9 485.7	10 643.2
March	597.5	765.1	271.1	3 273.5	3 073.2	2 067.9	808.1	368.3	9 591.1	10 627.3
April	584.7	745.3	285.2	3 264.2	3 068.7	2 066.8	799.3	368.0	9 567.2	10 597.7
May	650.9	826.8	303.4	3 307.3	3 099.8	2 089.1	799.4	368.4	9 664.2	10 794.4
June	624.8	800.8	291.4	3 325.0	3 075.9	2 063.0	801.0	362.6	9 627.7	10 719.9
July	610.3	780.3	272.3	3 351.9	3 090.3	2 065.7	807.0	361.7	9 676.7	10 729.3
Aug.	628.6	818.0	268.2	3 373.5	3 122.8	2 085.9	813.3	360.8	9 756.5	10 842.7
Sept.	609.0	803.2	252.6	3 408.1	3 149.5	2 106.9	820.4	366.8	9 852.0	10 907.8
Oct.	558.5	737.1	280.0	3 428.0	3 179.6	2 109.0	831.3	370.7	9 918.7	10 935.8
Nov.	594.0	796.4	279.1	3 458.3	3 219.4	2 141.7	835.2	373.5	10 028.3	11 103.8
Dec.	625.5	850.2	318.0	3 637.2	3 338.3	2 224.9	863.6	380.7	10 444.9	11 613.1
1967*										
Jan.	655.4	832.5	325.4	3 671.0	3 372.9	2 250.3	883.8	384.8	10 563.1	11 721.0
Feb.	649.8	823.8	381.9	3 700.9	3 413.2	2 275.9	897.9	389.1	10 677.2	11 882.9
March	616.5	801.3	340.1	3 723.5	3 448.5	2 312.3	906.8	391.9	10 783.2	11 924.6

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1966*			
May	1 732.7	63.7	820.1
June	1 785.1	60.8	824.6
July	1 833.3	59.0	828.7
Aug.	1 884.2	57.1	831.4
Sept.	1 930.6	54.7	832.9
Oct.	2 000.1	44.8	831.4
Nov.	2 060.4	41.1	838.6
Dec.	2 184.4	31.9	836.7
1967*			
Jan.	2 340.9	25.9	834.5
Feb.	2 426.3	19.0	816.1
March	2 543.1	13.9	796.8

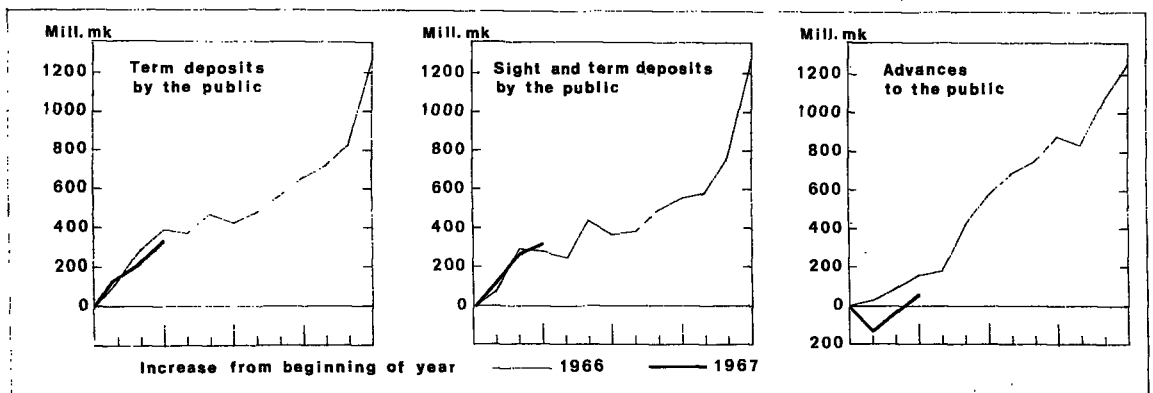
Selling rates for foreign exchange			
April 24, 1967			
		mk	mk
New York	1 \$	3.224	Zurich 100 Fr 74.63
Montreal	1 \$	2.980	Paris 100 FF 65.25
London	1 £	9.025	Rome 100 Lit 0.5165
Stockholm	100 Kr	62.56	Vienna 100 S 12.48
Oslo	100 Kr	45.14	Lisbon 100 Esc 11.26
Copenhagen	100 Kr	46.67	Reykjavik 100 Kr 7.50
Frankfurt o. M.	100 DM	81.21	Madrid 100 Pta 5.39
Amsterdam	100 Fl	89.25	Moscow, clear. ¹⁾ 1 Rbl 3.5667
Brussels	100 Fr	6.490	Clearing dollars ²⁾ 1 Cl \$ 3.21

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

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966*	4 867.7	2 950.9	783.9	2 589.6	908.8	11 615.9	485.0	12 100.9	2 213.7
1966*									
Feb.	4 310.7	2 630.2	721.9	2 376.4	900.3	10 486.8	452.7	10 939.5	2 079.8
March	4 345.7	2 643.8	731.0	2 389.9	897.5	10 541.0	466.9	11 007.9	1 935.4
April	4 373.1	2 666.5	737.6	2 363.8	892.9	10 539.0	494.9	11 033.9	1 949.9
May	4 490.5	2 699.3	735.7	2 441.5	899.1	10 781.9	484.2	11 266.1	2 102.4
June	4 575.7	2 716.4	751.5	2 473.9	905.2	10 924.2	498.5	11 422.7	2 074.4
July	4 641.9	2 745.9	756.3	2 486.0	908.6	11 033.0	505.7	11 538.7	2 067.6
Aug.	4 625.4	2 783.5	771.0	2 508.2	910.8	11 123.3	475.6	11 598.9	2 054.1
Sept.	4 683.7	2 831.3	781.1	2 521.5	914.8	11 247.7	484.7	11 732.4	2 030.8
Oct.	4 604.8	2 880.6	786.0	2 502.1	918.8	11 207.9	484.4	11 692.3	1 973.3
Nov.	4 745.0	2 919.3	787.0	2 554.6	918.7	11 448.4	476.2	11 924.6	2 047.2
Dec.	4 867.7	2 950.9	783.9	2 589.6	908.8	11 615.9	485.0	12 100.9	2 213.7
1965*									
Jan.	4 716.4	2 955.7	793.9	2 593.2	905.6	11 494.2	470.6	11 964.8	2 050.2
Feb.	4 793.3	2 969.8	804.6	2 590.2	901.2	11 570.9	488.2	12 059.1	2 113.0
March	4 857.3	2 978.6	819.1	2 600.9	901.0	11 632.5	524.4	12 156.9	2 042.7

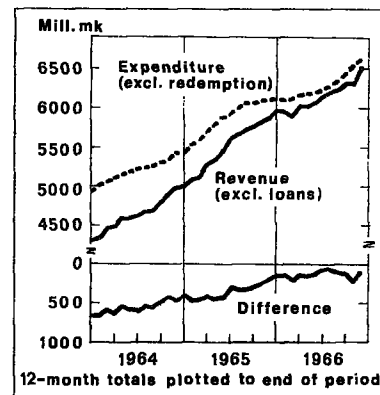


STATE FINANCES

Mill. mk

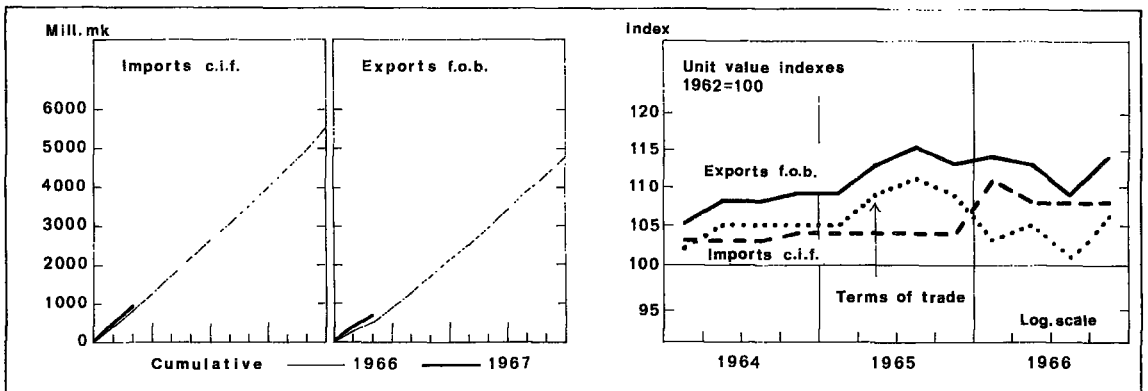
Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1965	1966		1965	1966
Income and property tax (net)	1 386	1 632	Interest on State debt	141	161
Gross receipts	(3 262)	(3 812)	Child allowances	302	299
Refunds and communal income tax	(-1 876)	(-2 180)	The State's share in national pensions	228	251
Other direct taxes	22	31	The State's share in national health insurance .....	..	57
Sales tax	1 257	1 278	Compensations to war-disabled	124	135
Import duties	477	466	Subsidies	553	546
Revenue from Alcohol Monopoly ..	394	434	Net payments of price equalization	0	54
Excise duty on tobacco	284	339	State aid to agriculture	62	53
Excise duty on liquid fuel	313	407	State aid to communal and private schools	458	499
Other excise duties	78	96	Net loss of State enterprises	35	67
Tax on automobiles and motor cycles	160	157	Maintenance of roads	145	154
Tax on motor vehicles	39	47	Other current expenditure	2 001	2 153
Stamp duties	151	156	Current expenditure	4 049	4 429
Employers' payments for child allowances	372	402	Real investments	1 076	1 117
Net receipts of price equalization by extra-budgetary funds	—	—	Other capital expenditure	453	536
Other revenue similar to taxes	73	81	Capital expenditure	1 529	1 653
Total taxes	5 006	5 526	Total expenditure	5 578	6 082
Interest and dividends	85	90	Redemption of external loans	84	81
Other current revenue	196	242	Redemption of internal loans	273	287
Current revenue	5 287	5 858	Redemption of indemnity bonds etc.	4	1
Capital revenue proper	142	144	Index premiums	22	15
Decrease in inventories	44	39	Redemptions	383	384
Capital revenue	186	183	Total	5 961	6 466
Total revenue	5 473	6 041			
External loans	70	70			
Internal loans	377	607			
Loans	447	677			
Short-term credit (increase +) ..	- 10	-314			
Deficit (+) or surplus (-)	+ 51	+ 62			
Total	5 961	6 466			

Debt	1964	1965	1966	1967		
	Dec.	Dec.	Dec.*	Jan.*	Feb.*	March*
External debt	1 184	1 175	1 340	1 380	1 392	1 387
Ordinary loans	1 205	1 431	2 079	1 999	2 018	1 988
Indemnity bonds etc.	7	203	92	82	72	62
Short-term credit ..	325	393	92	88	89	77
Cash debt (net)	23	-101	-153	-188	..	..
Internal debt	1 560	1 926	2 110	1 981	..	..
Total debt	2 744	3 101	3 450	3 361	..	..
Total debt, mill. \$	852.8	961.8	1 070.1	1 042.5	..	..



FOREIGN TRADE

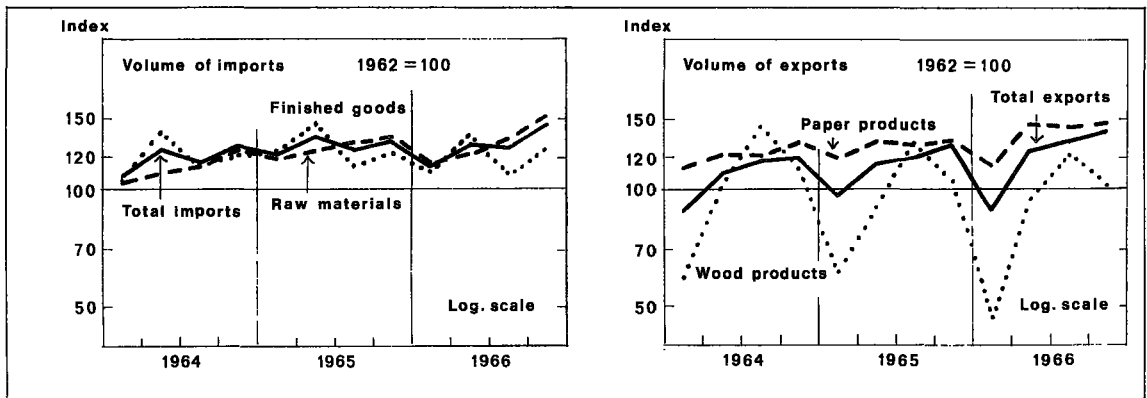
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Imports c. i. f.	Exports f. o. b.	Surplus of imports (-) or exports (+)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1962	3 928.7	3 533.1	-395.6	100	100	100	100	100	100	100
1963	3 866.9	3 678.0	-188.9	102	96	104	100	105	101	101
1964	4 816.5	4 131.9	-684.6	108	109	111	104	113	103	105
1965	5 266.1	4 566.0	-700.1	113	115	123	106	119	104	109
1966*	5 524.3	4 818.5	-705.8	113	111	122	105	124	107	106
Jan.-Feb.										
1965	789.1	585.1	-204.0	113	113	124	107	120	104	109
1966*	797.2	538.7	-258.5							
1967*	911.5	709.4	-202.1							
1966*										
Jan.	429.2	308.4	-120.8	114	127	126	105	118	111	103
Feb.	368.0	230.3	-137.7							
March	446.4	340.2	-106.2							
April	441.9	372.8	-69.1	113	103	122	104	127	108	105
May	487.8	450.2	-37.6							
June	459.9	424.3	-35.6							
July	411.6	404.8	-6.8	109	112	122	105	105	108	101
Aug.	437.5	419.8	-17.7							
Sept.	504.9	450.9	-54.0							
Oct.	489.0	460.6	-28.4	114	116	121	105	131	108	106
Nov.	491.2	437.5	-53.7							
Dec.	556.9	518.7	-38.2							
1967*										
Jan.	467.8	365.5	-102.3							
Feb.	443.7	343.9	-99.8							



FOREIGN TRADE BY MAIN GROUPS

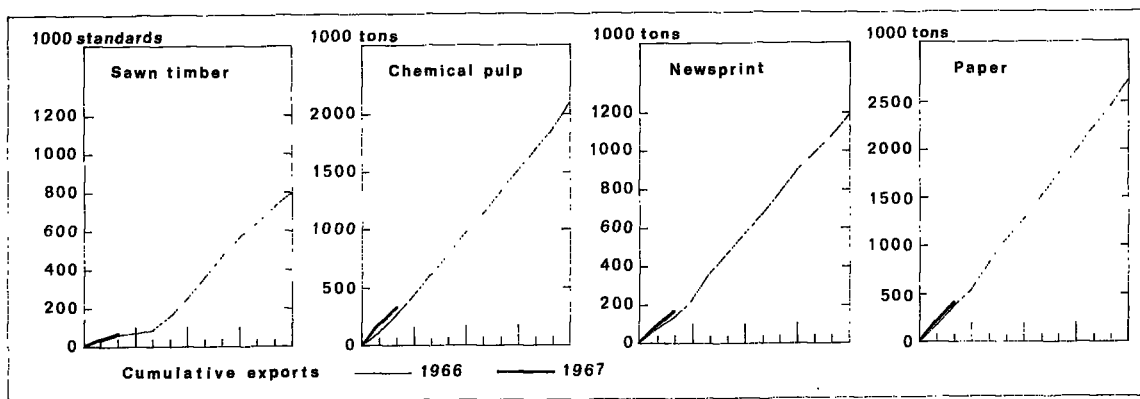
Mill. mk

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						
1962	1 762.6	371.2	1 144.9	650.0	144.5	189.5	770.3	1 588.8	662.6	177.4
1963	1 827.5	373.3	1 004.3	661.8	164.8	112.8	811.8	1 752.2	613.8	222.6
1964	2 110.7	508.4	1 396.2	801.2	230.4	89.8	895.8	2 019.5	610.3	286.1
1965	2 362.4	514.7	1 511.4	877.6	251.8	60.3	919.8	2 165.6	800.3	368.2
1966*	2 450.4	589.8	1 448.5	1 035.6	264.0	59.0	863.5	2 297.0	877.5	457.5
Jan.-Feb.										
1965	357.1	64.6	238.6	128.8	38.0	6.3	100.7	312.9	85.1	42.1
1966*	362.1	79.8	204.5	150.8	50.3	4.6	85.3	286.3	66.8	45.4
1967*	380.2	100.9	248.6	181.8	42.1	4.4	93.5	369.1	133.1	67.2
1966*										
Jan.	204.0	41.1	103.8	80.3	34.2	3.6	57.5	152.6	35.0	25.5
Feb.	158.1	38.7	100.7	70.5	16.1	1.0	27.8	133.7	31.8	19.9
March	181.9	37.5	129.2	97.8	33.4	0.6	29.4	189.6	55.4	31.8
April	188.5	38.2	128.3	86.9	14.7	2.5	45.8	217.2	63.0	29.6
May	203.9	40.2	150.7	93.0	26.0	5.0	84.9	192.5	107.4	34.4
June	177.6	54.1	151.0	77.2	19.1	9.0	91.9	197.5	61.1	45.7
July	199.6	36.2	99.9	75.9	14.0	6.8	102.6	186.1	63.0	32.3
Aug.	213.2	62.0	90.0	72.3	17.9	6.9	96.3	207.3	49.8	41.6
Sept.	221.8	67.9	120.8	94.4	20.0	7.9	88.8	205.1	80.5	48.6
Oct.	229.6	60.0	108.3	91.1	17.6	5.3	85.1	203.1	99.8	49.7
Nov.	225.8	54.6	112.3	98.5	17.5	5.1	73.8	196.2	93.2	51.7
Dec.	246.4	59.3	153.5	97.7	33.5	5.3	79.6	216.1	137.5	46.7
1967*										
Jan.	203.0	62.4	114.6	87.8	30.5	2.2	52.5	188.6	58.7	33.0
Feb.	177.2	38.5	134.0	94.0	11.6	2.2	41.0	180.5	74.4	34.2



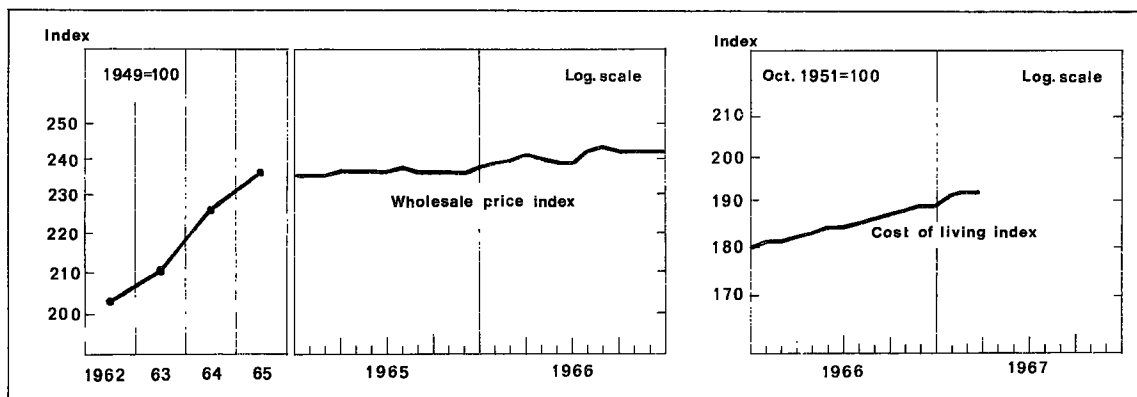
EXPORTS OF SOME IMPORTANT ARTICLES

Period	Round timber	Sawn timber	Veneers and plywood	Mechanical pulp	Sulphite pulp	Sulphate pulp	Board	Fibre building board	Newsprint	Paper, all kinds
	1 000 solid cu. m	1 000 stds	1 000 cu. m	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons	1 000 tons
1962	3 681	1 010	357	150	828	731	153	152	870	1 980
1963	2 108	977	384	172	861	893	171	161	882	2 126
1964	1 320	990	440	175	971	980	194	165	989	2 309
1965	781	870	461	149	931	1 037	174	144	1 101	2 500
1966*	675	799	460	130	909	1 179	190	131	1 192	2 712
Jan.-Feb.										
1965	97	77	81	28	151	149	25	28	158	369
1966*	26	59	70	20	145	123	23	18	141	329
1967*	35	65	73	18	153	181	31	21	174	421
1966*										
Jan.	18	44	42	9	76	76	12	11	78	182
Feb.	8	15	28	11	69	47	11	7	63	147
March	3	6	40	13	73	102	18	9	85	211
April	23	21	50	18	73	103	18	15	143	282
May	42	75	51	10	73	92	15	14	100	236
June	146	92	41	11	83	112	17	13	106	225
July	88	120	26	10	72	86	16	9	103	232
Aug.	83	106	36	10	79	112	18	9	107	244
Sept.	91	88	39	11	79	105	17	12	110	241
Oct.	59	87	31	10	78	104	16	12	96	239
Nov.	50	78	25	9	71	108	15	9	89	227
Dec.	64	67	51	8	83	132	17	11	112	246
1967*										
Jan.	21	39	40	8	74	104	15	12	90	219
Feb.	14	26	33	10	79	77	16	9	84	202



FOREIGN TRADE BY COUNTRIES

Area and country	Imports, c. i. f.					Exports, f. o. b.				
	Whole year		Jan.—Feb.			Whole year		Jan.—Feb.		
	1965	1966*	1966*	1967*		1965	1966*	1966*	1967*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	15.8	16.6	16.1	15.0	136.4	22.8	22.6	25.2	20.7	146.7
United Kingdom	15.3	16.1	15.7	14.5	132.3	20.7	20.5	24.1	19.6	138.8
Other OECD countries										
in Europe	55.5	53.7	54.3	55.7	507.9	44.8	46.7	46.0	45.8	325.0
Austria	0.8	0.9	0.8	0.8	7.7	0.3	0.4	0.5	0.5	3.6
Belgium-Luxembourg	2.2	1.9	1.8	1.9	17.4	3.3	3.1	3.1	2.2	15.7
Denmark	3.1	3.5	3.4	3.0	27.1	3.9	3.5	2.9	3.8	27.3
France	4.2	4.3	4.0	5.5	50.3	4.4	4.5	5.0	4.8	33.7
Western Germany	18.9	17.0	18.9	17.2	156.5	11.2	11.1	10.6	9.0	64.2
Italy	1.9	2.0	2.4	2.3	21.3	3.0	3.0	4.2	3.6	25.2
Netherlands	4.2	3.6	4.0	3.8	34.5	6.0	5.8	5.9	5.9	41.9
Norway	1.9	2.1	1.9	1.9	17.6	1.1	1.8	1.8	2.0	14.0
Portugal	0.2	0.3	0.3	0.4	4.1	0.2	0.4	0.2	0.3	2.1
Spain	0.5	0.4	0.6	0.7	6.0	1.1	1.2	1.1	1.1	7.9
Sweden	14.0	14.1	12.2	14.6	133.1	7.5	8.8	8.2	9.7	68.9
Switzerland	2.9	3.1	3.1	3.1	28.1	0.7	0.9	1.2	1.0	7.1
Eastern Bloc	18.9	19.8	18.5	20.7	188.8	21.0	18.7	14.7	21.3	151.0
China	0.3	0.5	0.8	0.7	6.0	0.6	0.6	0.2	0.2	1.4
Czechoslovakia	0.7	0.6	0.5	0.5	4.5	0.6	0.8	0.4	0.5	3.5
Eastern Germany	0.9	0.9	0.7	0.8	7.2	0.8	1.0	0.9	0.7	4.9
Poland	1.9	1.6	1.5	1.1	10.2	2.3	1.4	1.0	1.1	7.8
Soviet Union	14.4	15.5	14.4	17.0	155.0	15.8	14.2	10.6	17.9	127.1
U.S. and Canada	5.2	4.9	6.5	4.4	39.9	6.2	6.6	7.1	6.3	44.8
United States	5.0	4.6	6.2	3.8	34.7	6.0	6.4	6.9	6.2	43.9
Latin America	1.6	2.8	1.9	1.8	16.6	3.8	2.9	2.9	2.4	17.4
Argentina	0.3	0.3	0.1	0.0	0.4	0.9	1.0	1.1	0.7	5.2
Brazil	0.3	1.3	1.2	1.0	8.7	1.4	0.4	0.3	0.5	3.7
Colombia	0.6	0.7	0.5	0.5	4.3	0.7	0.6	0.8	0.2	1.7
Other	3.0	2.2	2.7	2.4	21.9	1.4	2.5	4.1	3.5	24.5
Grand total	100.0	100.0	100.0	100.0	911.5	100.0	100.0	100.0	100.0	709.4
of which										
EFTA countries	38.2	40.0	37.4	38.4	350.0	34.3	36.4	38.8	36.9	261.8
EEC countries	31.4	28.8	31.1	30.7	280.0	28.0	27.5	28.9	25.5	180.6



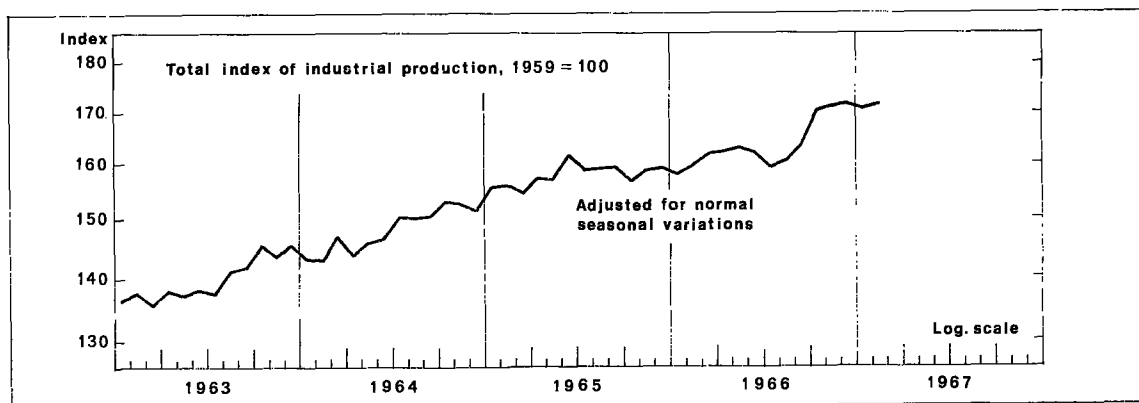
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1964	226	231	210	228	214	227	250	218	218	100	100	100
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	..	..	..	..	..	..	..	..	..	108	112	104
1966												
March	241	248	215	246	228	237	276	232	225	105	107	103
April	240	247	216	247	229	235	272	233	225	105	107	103
May	239	245	216	246	228	233	268	233	226	109	115	104
June	239	245	216	245	229	233	266	233	226	109	115	104
July	242	249	217	247	229	240	270	235	231	109	115	104
Aug.	243	250	218	246	229	243	274	234	231	109	115	104
Sept.	242	248	217	244	228	242	270	233	230	109	115	104
Oct.	242	248	215	244	229	242	270	233	230	109	115	104
Nov.	242	249	216	244	229	243	272	232	231	109	115	104
Dec.	242	249	216	244	229	243	273	232	231	109	115	104
1967												
Jan.	..	..	..	..	..	..	..	..	..	112	119	105
Feb.	..	..	..	..	..	..	..	..	..	112	119	106
March	..	..	..	..	..	..	..	..	..	112	119	106

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
1964	170	184	364	114	107	164	133	135	135	110	132	134
1965	178	195	377	115	109	173	140	144	140	111	135	141
1966	185	202	392	119	111	182	145	149	145	116	138	148
1966												
March	182	199	387	117	110	178	143	146	143	114	136	145
April	183	200	388	117	110	179	144	147	144	114	137	146
May	184	204	388	117	110	179	145	150	144	114	137	146
June	184	204	388	118	110	180	145	150	144	114	137	146
July	185	204	392	118	111	181	145	150	145	115	137	148
Aug.	186	204	392	118	112	183	146	150	145	114	139	149
Sept.	187	204	392	120	113	185	147	150	145	117	140	151
Oct.	188	203	401	124	113	186	147	149	149	120	140	152
Nov.	189	204	401	125	113	187	148	150	149	122	140	153
Dec.	189	205	401	126	113	189	149	150	149	122	140	154
1967												
Jan.	191	205	403	127	114	193	150	151	149	123	141	157
Feb.	192	206	403	128	114	193	151	151	149	124	142	158
March	192	206	403	128	115	194	151	152	149	125	143	158

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	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1964	148	149	154	136	129	170	148	143	148	53 200	156
1965*	157	161	164	143	130	180	161	150	158	51 905	170
1966*	164	157	170	153	120	188	159	163	163	46 507	..
1965*											
Aug.	159	144	165	151	112	189	148	158	159	2 082	173
Sept.	171	178	176	156	128	196	177	164	159	2 844	186
Oct.	170	181	176	152	131	195	181	164	157	2 856	184
Nov.	168	173	174	153	119	182	172	166	159	3 317	181
Dec.	156	167	160	142	120	160	169	148	159	3 842	196
1966*											
Jan.	155	162	162	141	116	170	165	145	158	4 219	131
Feb.	157	162	163	144	125	175	166	149	160	4 742	148
March	179	184	186	164	151	204	185	171	162	4 198	175
April	160	157	162	155	139	170	157	161	162	3 177	174
May	166	161	172	156	136	188	161	165	163	12 681	180
June	157	155	157	156	125	171	154	161	162	2 305	174
July	119	73	131	106	98	184	79	117	159	910	157
Aug.	165	147	168	163	102	194	146	173	160	1 793	178
Sept.	176	171	180	167	124	203	172	175	164	2 630	199
Oct.	184	174	193	170	114	213	178	188	170	3 116	188
Nov.	181	174	188	167	106	205	178	185	171	3 048	188
Dec.	166	166	173	152	109	183	166	167	171	3 688	200
1967*											
Jan.	173	163	181	159	113	201	166	170	171	3 835	..
Feb.	169	173	174	158	132	185	171	166	171	..	..

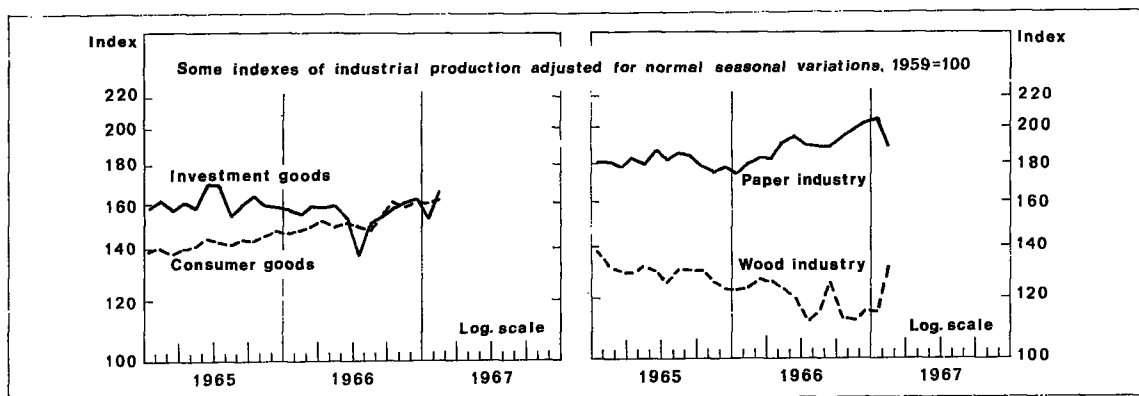


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

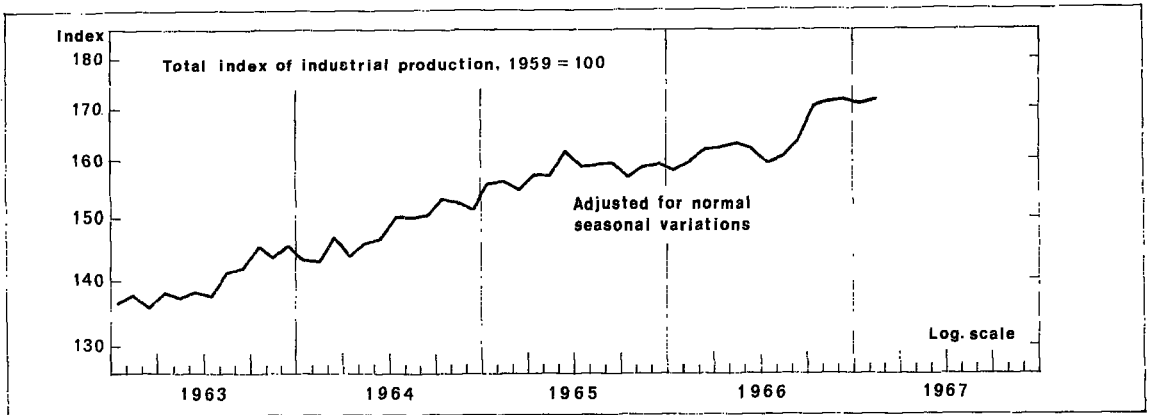
BUILDING — WAGES — TRANSPORT — EMPLOYMENT

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
1964	24.59	10.57	2.43	7.61	2.80	28.75	164	154	172	162
1965	27.04	10.96	2.58	9.20	3.12	31.31	180	177	192	176
1966*	26.54	11.26	2.80	8.19	3.00	35.40	191	196	190	190
1965										
July-Sept.	7.15	2.57	0.97	2.27	0.87	35.65	180	177	195	176
Oct.-Dec.	9.76	4.43	0.98	3.44	0.57	31.31	180	180	180	177
1966*										
Jan.-Mar.	4.92	2.30	0.24	1.85	0.42	29.60	184	187	184	181
Apr.-June	4.55	1.99	0.41	1.34	0.55	35.78	188	200	187	188
July-Sept.	7.15	2.36	0.99	2.09	1.20	38.83	194	196	193	195
Oct.-Dec.	9.92	4.61	1.16	2.91	0.83	35.40	194	196	193	195

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed net reg. tons		1 000 man-months		% of total labour force	
	1966*	1967*	1966*	1967*	1966*	1967*	1966	1967*	1966	1967*
Jan.	118	123	724	840	560	692	1 896		2.2	3.1
Feb.	118	125	434	615	270	502	1 869		2.4	3.1
March	140	103	519	756	344	627	1 877		2.1	
April	134		624		557		1 905		2.0	
May	136		1 092		884		1 953		1.3	
June	131		1 364		1 217		1 905		1.0	
July	121		1 587		1 400		1 728		0.9	
Aug.	138		1 366		1 287		1 833		1.1	
Sept.	139		1 214		1 079		1 969		1.0	
Oct.	140		1 091		867		1 955		1.2	
Nov.	133		1 084		837		1 955		1.2	
Dec.	120		995		815		1 912		1.7	



1965*												
Aug.	159	144	165	151	112	189	148	158	159	2 082	173	
Sept.	171	178	176	156	128	196	177	164	159	2 844	186	
Oct.	170	181	176	152	131	195	181	164	157	2 856	184	
Nov.	168	173	174	153	119	182	172	166	159	3 317	181	
Dec.	156	167	160	142	120	160	169	148	159	3 842	196	
1966*												
Jan.	155	162	162	141	116	170	165	145	158	4 219	131	
Feb.	157	162	163	144	125	175	166	149	160	4 742	148	
March	179	184	186	164	151	204	185	171	162	4 198	175	
April	160	157	162	155	139	170	157	161	162	3 177	174	
May	166	161	172	156	136	188	161	165	163	12 681	180	
June	157	155	157	156	125	171	154	161	162	2 305	174	
July	119	73	131	106	98	184	79	117	159	910	157	
Aug.	165	147	168	163	102	194	146	173	160	1 793	178	
Sept.	176	171	180	167	124	203	172	175	164	2 630	199	
Oct.	184	174	193	170	114	213	178	188	170	3 116	188	
Nov.	181	174	188	167	106	205	178	185	171	3 048	188	
Dec.	166	166	173	152	109	183	166	167	171	3 688	200	
1967*												
Jan.	173	163	181	159	113	201	166	170	171	3 835	..	
Feb.	169	173	174	158	132	185	171	166	171	..	..



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

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.

tions and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin).

SYMBOLS USED

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 were as follows: Social Democrats 55, Centre Party 49, People's Democrats 41, Conservatives 26, Swedish Party 12, Liberal Party 9, Social Democratic League 7 and Finnish Farmers' Party 1. After a change of parties by one member, the Centre Party now holds 50 seats and the Liberal Party 8 seats.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

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

POPULATION

NUMBER OF INHABITANTS (1965): 4.6 million. Sweden 7.7, Switzerland 5.9, Denmark 4.8 and Norway 3.7 million.

DENSITY OF POPULATION (1965): In South Finland 25.7, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1965): 56 % of the population inhabit the rural areas, 44 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 505 900 inhabitants, Tampere (Tammerfors) 142 000, Turku (Åbo) 140 400.

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

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

EDUCATION (1965): 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 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1965): births 16.9 ‰, deaths 9.6 ‰, increase 6.1 ‰. Deaths in France 11.1 ‰ and Great Britain 11.5 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1965, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 174 (9 %), forestry and fishing 2 087 (9 %), manufacturing 6 709 (29 %), construction 2 259 (10 %), transport and communication 1 672 (7 %), commerce, banking and insurance 3 036 (13 %), public administration 946 (4 %), other services 4 396 (19 %), total 23 279. Index of real domestic product 168 (1954 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

cu. ft.), of which pine 43 % and spruce 38 %, the rest 19 % being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft. 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft.). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft.).

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

INDUSTRY (1964): Gross value of industrial production 17 450 mill. marks, number of workers 349 000, salaried employees 76 400, motive power (1964) 4.6 mill. HP. Index of industrial production 148 for 1964 (1959 = 100).

RAILWAYS (Jan. 1, 1967): Length 5 556 km, of which 5 545 km are State and 11 km private railways. The gauge of State railways 1,524 m.

MERCHANT FLEET (March 31, 1967): Steamers 117 (202 278 gross reg. tons), motor vessels 396 (814 597 gross reg. tons), sailing vessels with auxiliary engines 24 (3 065 gross reg. tons). Total 537 (1 019 940 gross reg. tons).

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

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1966): Kilometres flown 14.5 million, passengers carried 768 757, passenger kilometres 409.7 million, and ton kilometres of freight and mail 7.9 million.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). On Jan. 1, 1963, the value of the mark was raised to one hundred times its former value. The official par value of the new unit is 3.20 marks to the U.S. dollar. Finland has been a member of the International Monetary Fund since 1948.

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1966). There are two big and four small commercial banks with in all 783 offices, 356 savings banks, 483 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pension Institute and sixty-four private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1966). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ %, 12 months' deposits 6 %, 100 per cent index-tied deposits 3 %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

FINLAND'S FOREIGN TRADE IN 1966

BY

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FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

INTERNATIONAL BACKGROUND

The average growth of GNP in Western Europe was 3.5 per cent or slightly less than in 1965. The striking feature of the European economy in 1966 was, however, the diverging behaviour of individual countries. This development was evident especially towards the end of the year.

In the United Kingdom and Western Germany, the two most important Western export markets for Finland, there was a marked slowing down in the growth of GNP which fell to a level substantially below the average growth rates of the EFTA countries, 2 per cent, and the EEC countries, 4 per cent, respectively. On the other hand the growth of GNP accelerated in France and Italy. In the United States the growth continued on the same level as in 1965: GNP increased by 5.5 per cent.

FOREIGN TRADE AND ECONOMIC DEVELOPMENT IN FINLAND

The slackening in the rate of economic growth in Finland's most important Western export countries was reflected in Finnish exports primarily in the falling prices of our most important export sector, wood-processing industry products, and in the unstable price level of metal industry products. Although there were substantial variations in export prices within the year and be-

tween the different commodity groups, on average they remained unchanged in 1966 against a rise of 4.5 per cent in 1965.

The volume of total exports increased by 5.5 per cent in comparison with 4.5 per cent in the previous year. This was the case in spite of the fact that exports to the Eastern Bloc decreased in 1966 but increased sharply in 1965. The fact that the downswing in economic activity in our most important export countries did not affect the volume of our exports to a greater extent is partly explained by the long delivery dates prevailing in our paper industry which imply a considerable time period before changes in demand are fully reflected in exports.

In recent years Finnish imports have been influenced by a slackening of economic activity together with a restrictive policy which was continued and even strengthened in 1966. The rate of growth of total production decreased from 5.6 per cent in 1965 to 2.2 per cent in 1966. The slowing down in economic activity was primarily reflected in the decline of private fixed investment. Consumption on the other hand rose by 4 per cent. Changes in the structure of total domestic demand were matched by corresponding changes in imports. There was no more than a 2.5 per cent increase in the volume of imports while that in the value was 4.9 per cent (see chart 1). The volume of imports of consumer goods increased by

Chart 1. Foreign trade in 1962—1966, seasonally adjusted quarterly figures, mill. mk

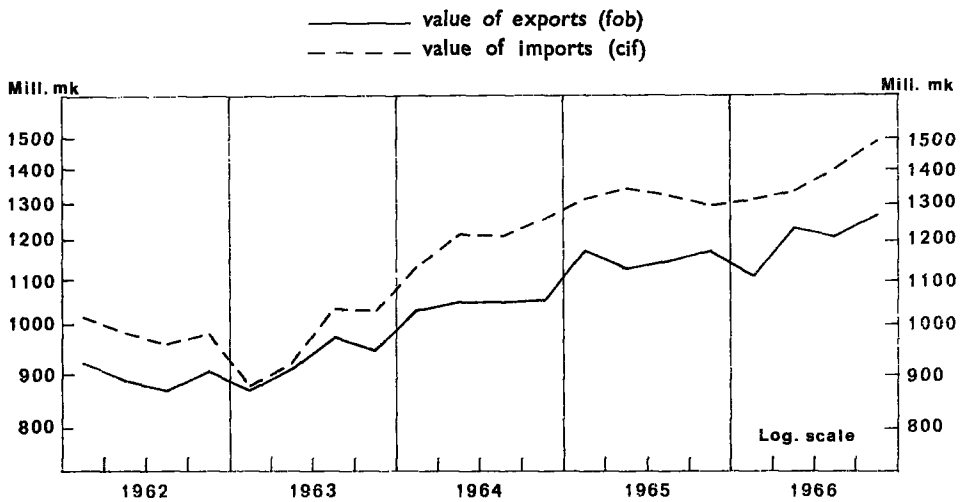
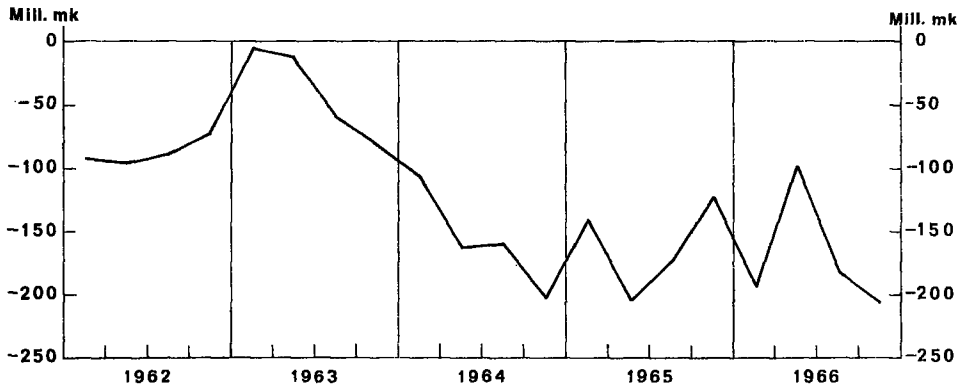


Chart 2. Balance of trade (exports fob—imports cif), seasonally adjusted quarterly figures, mill. mk



10 per cent and that of investment goods decreased by nearly the same amount.

The terms of trade deteriorated last year. Since there was no change in export prices but a rise in import prices of 2.5 per cent, the terms of trade (1962 = 100) dropped to 106 against 109 in the previous year. In spite of the fact that the balance of trade in the first half of 1966 was clearly better than in the first half of 1965, imports

increased by such an amount compared to the increase in exports towards the end of the year that the deficit in the balance of trade in 1966 rose to a figure of 707 million marks, or about the same as in 1965 (700 million marks). (See chart 2). There was, however, a distinct positive change in the composition of the trade deficit. In 1965 practically the whole deficit was multilateral but in 1966 the multilateral deficit decreased

TABLE 1. BALANCE OF TRADE IN 1962—1966,
EXPORTS FOB — IMPORTS CIF

	Bilateral trade	Multilateral trade	Total trade
Million marks			
1962	56	— 454	— 398
1963	— 67	— 139	— 206
1964	— 353	— 346	— 699
1965	— 8	— 692	— 700
1966	— 159	— 548	— 707

TABLE 2. THE STRUCTURE OF FOREIGN TRADE BY
COMMODITY GROUPS IN 1965 AND 1966.

<i>Exports</i>	1965	1966
	Per cent	
Agricultural products	5.5	5.5
Round and hewn timber	1.3	1.2
Wood industry products	20.1	17.9
Paper industry products	47.4	47.7
Metal and engineering industry prod.	17.5	18.2
"New exports"	8.2	9.5
	100.0	100.0
<i>Imports</i>		
Raw materials	44.9	44.4
Fuels and lubricants	9.8	10.7
Investment goods (excl. passenger cars)	22.5	21.7
Consumer goods	16.6	18.7
Passenger cars	6.2	4.5
	100.0	100.0

by almost 150 million marks on 1965, while the bilateral deficit temporarily increased by the same amount. (See table 1).

EXPORTS

The pattern of Finnish exports has in the 1960's been characterized by a gradual lessening in importance of traditional exports, i. e. wood and paper industry products, and by a structural shift from wood industry products to paper industry products within the traditional exports. Slightly less than two thirds of total exports consisted of wood and paper industry products in 1966. Wood industry products accounted for only 27 per cent of the traditional exports while the corresponding figure in 1960 was still 39 per cent. The gaining sectors have been the metal and engineering industry and the

so-called new exports consisting mainly of textiles, chemicals, ceramics and glassware, as well as leather industry goods (shoes).

The share of the exports of metal industry products in total exports was 18 per cent in 1966, while that of new exports rose to 10 per cent. The proportion of agricultural products 5—6 per cent has been fairly stable in the last few years. (See table 2).

The favourable development of new exports continued in 1966. The increase in their value on the previous year was 24 per cent against 29 per cent in 1965. Exports of clothes, shoes, and foodstuffs and stimulants, which together represent one quarter of total new exports, doubled. Slightly more than a half of the clothes and over a quarter of the shoes went to the Soviet Union. Exports of shoes to the East did not actually start until last year. The greater part of the rest of the clothes and shoes go to the EFTA countries and especially to Sweden. The sales promotion campaign "Find Finland" arranged by Finland in Sweden last year was directed especially at consumers and thus mainly promoted new exports.

The value of metal industry products rose by 10 per cent on the previous year. The proportion of exports going to the Western markets increased and was about two thirds of total metal industry exports in 1966. The exports to the EEC countries increased by as much as 72 per cent; an important role was played by the delivery of the ice-breaker "Hanse" and some other vessels to West Germany. Exports of metal industry products to the EFTA countries, primarily to Sweden, increased by 47 per cent. Exports to the Eastern Bloc, on the other hand, decreased by 26 per cent, mainly as a result of the timing of the deliveries of machinery and vessels within the framework of the five-year agreement with the Soviet Union made last year. Consequently the share of the Eastern Bloc is expected to be

greater in the next few years. In spite of the fact that the delivery pattern (relatively few but large deliveries) gives large fluctuations in the exports of vessels from year to year, a downward trend is noticeable in the share of vessels in total exports of the metal industry over the last years. The share was a quarter last year. Partly owing to a rise of 25 per cent in the world market price of copper there was a rise of 88 per cent in the value of Finnish copper exports.

The value of exports of wood-processing industry products increased by 2.4 per cent against 5.8 per cent in 1965 and 13.7 per cent in 1964. The effect of a slackening of demand for wood-processing industry products in the United Kingdom and West Germany was intensified by our competitive situation in the wood industry, which has been deteriorating throughout the current decade with no apparent sign of improvement in 1966. The average price level of wood-processing industry products declined somewhat in 1966.

There was a decrease of 8 per cent from 880.000 stds. to 810 000 stds. in exports of sawn goods in 1966. Since there was a downward trend in prices throughout the year, in contrast to the developments in 1965, export earnings were curtailed by nearly 10 per cent. The volume of exports of chemical and mechanical pulp increased by 6 per cent, but since prices throughout the year remained at a level which was 6—7 per cent lower than that at the end of 1965, there was a slight decrease in the value of chemical and mechanical pulp exports. In order to stabilize the markets there was a cut in output for four weeks.

The price level of paper was, mainly as a result of a rise in prices in the U.S.A., 2 per cent higher than in 1965. Since there was a rise of 8.5 per cent in the volume of exports, export earnings increased by 10.5 per cent. Up till the autumn the amount

of orders received was satisfactory, but towards the end of the year the demand for newsprint slackened as a result of a general decline in economic activity, which was reflected in the decreased amount of newspaper advertisements and consequently in the number of newspaper pages.

The structural shift in exports of agricultural products continued in 1966. The deliveries of the traditional products, butter and cheese, fell by almost 12 per cent in value, but this development was offset by a substantial increase in other agricultural exports, mainly furs and eggs. As a whole, the value of agricultural exports increased by slightly less than 5 per cent.

IMPORTS

In contrast with most Western European countries the growth of imports in Finland accelerated towards the end of 1966. In the first half of 1966 the volume of imports was substantially smaller than in the corresponding period in 1965, but this was more than compensated for by the imports in the latter half of 1966 which were 7 per cent more than in the latter half of 1965. The volume of imports in December 1966 was as much as 15 per cent higher than in December 1965. This development, which was so unfavourable to the Finnish balance of payments, was partly caused by special factors. The hard winter hampered sea trade and thus restricted foreign trade in the first quarter of 1966. The application of a 5day week, generally introduced for the first time during the three summer months, resulted in a greater concentration of productive activity in the autumn than previously.

Imports of raw materials, which accounted for 44 per cent of total imports, increased by 3.5 per cent in value against 12 per cent in 1965. The price level remained roughly the same. The increase in imports of raw materials was greatest for the metal, food-

stuffs, textile and chemical industries. There was, on the contrary, a decrease in imports of raw materials for the building industry reflecting a slowdown of industrial building activity in 1966. Also, there was a drop in imports of raw material for agriculture.

Due to several different factors, the most important of which are the increasing importance of steam power plants in Finland's supply of power, the growing stock of passenger cars and a wider use of fuel oil in households, a long-run shift can be noticed towards liquid fuel at the expense of fixed fuels. This structural shift as well as the overall increase in fuel imports were particularly accentuated in 1966 by the severe winter which necessitated a considerable amount of stock accumulation. There was an increase in the imports of liquid fuels of 30 per cent on 1965 while imports of fixed fuels decreased by 12 per cent. The overall imports of fuels and lubricants grew by 17 per cent on 1965. Since there was a fall in prices, the value of imports increased by 15 per cent.

Due to a slowing down in private investment activity the volume of imports of investment goods dropped in 1966, but since there was a substantial rise in prices the import expenditure grew by about one per cent in comparison with 8 per cent in 1965. The imports from the EFTA countries and from the Eastern Bloc increased markedly, while those from the EEC countries and the U.S.A. fell.

Imports of consumer goods, excluding passenger cars, increased especially towards the end of the year. The volume of imports for the whole year was approximately 10 per cent greater than in the previous year and since there was a substantial rise in prices the import expenditure on consumer goods increased by as much as 18 per cent. The growth was most marked in foodstuffs and stimulants, a development which was one of the reasons for a growth of imports from the EFTA countries, developing countries and the Eastern Bloc. The measures intended to restrain the large inflow of cars cut down the imports quite considerably; the value of imported passenger cars fell by 23 per cent on the previous year.

THE REGIONAL PATTERN

There was a 12.5 per cent increase in Finland's exports to the EFTA countries while imports from them grew by 9.4 per cent. The increase in exports to the EEC countries was 3.4 per cent, whereas imports decreased by 3 per cent. Finland's deliveries to Eastern European countries decreased by 6.4 per cent, while there was an increase in imports from this group of 10 per cent. Exports to countries outside Europe increased by 8.7 per cent against a rise in imports of 6.9 per cent. (See table on page 12 for relative shares of trade blocs and some selected countries).

ITEMS

Mortgage Bank of Finland Oy raises US \$12 000 000 in Western Europe. An agreement concerning the bond issue of \$12 million was signed in Helsinki, on April 20, 1967, between the Mortgage Bank of Finland Oy and the underwriting syndicate formed by Banque Lambert S. C. S., Brussels, Banque de Bruxelles, S. A., Brussels, Euramerica-Finanziaria Internazionale S. p. A., Rome, and Pierson, Holding & Pierson, Amsterdam.

This public issue carries an interest rate of $7\frac{1}{4}$ per cent. The price of issue is $99\frac{7}{8}$ per cent. The loan will be redeemed by annual sinking fund payments during the period April 15, 1969—April 15, 1979. The loan is unconditionally guaranteed by the Republic of Finland.

The bonds are to be quoted on the Luxembourg and Amsterdam Stock Exchanges.

The Mortgage Bank of Finland Oy, established by the Bank of Finland in 1956, will relend the proceeds of the loan to four industrial establishments for financing their major industrial projects. These projects are situated in the underdeveloped areas of the country, particularly in Northern Finland and they are considered to be economically sound, profitable and realizable. The investments are of great significance not only in solving the unemployment problems in Northern Finland but also in

developing the chemical, metallurgical and mining industries and in diversifying the industrial structure of the Finnish economy.

*

Trade agreement. An agreement was signed in Helsinki on April 25, 1967 between Finland and *the People's Republic of China* regulating the exchange of goods between the two countries for 1967. Both import and export quotas were raised by 13 per cent. The total value of trade is about 89 million marks. From the beginning of July the markka will replace the rouble as a unit of account.

Finland's export list this year includes chemical pulp, various kinds of paper, cardboard, machines and apparatus and rayon. The import list comprises soya beans and other oil seeds and vegetable oils, apples, chemicals and various textiles.

*

Domestic bond issue. The Government has authorized Yhtyneet Paperitehtaat Osa-kehtio (United Paper Mills Ltd), to make a domestic bond issue of 10 million marks. The bonds will be dated October 15 and will run for ten years at a rate of $7\frac{1}{2}$ per cent. The loan is tied to the wholesale price index (1949 = 100) to the extent of 50 per cent.

BANK OF FINLAND

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Governor

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A. SIMONEN
*(Absent as a member of
Government)*

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

HEIKKI VALVANNE
ad int.

DIRECTORS

HEIKKI VALVANNE
JOUKO J. VOUTILAINEN

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PERTTI TAMMIVUORI
K. IGNATIUS
JORMA ARANKO
(On leave of absence)

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