



BANK OF FINLAND

Monthly Bulletin

Credit policy

The Finnish financial markets

Recent trade agreements

Teollistamisrahasto Oy -
Industrialization Fund of Finland Ltd

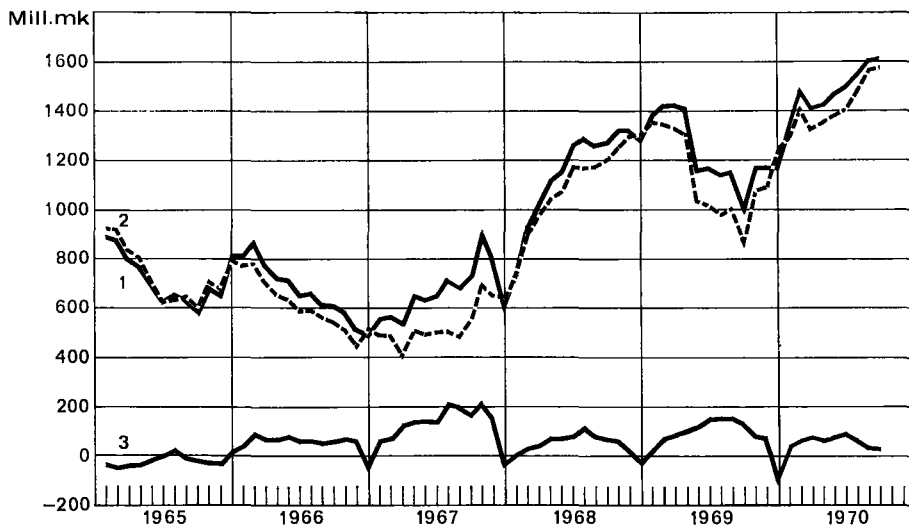
Enso Gutzeit Oy, Kymin Oy and
Oy Tampella Ab

Domestic bond issues

NOVEMBER 1970

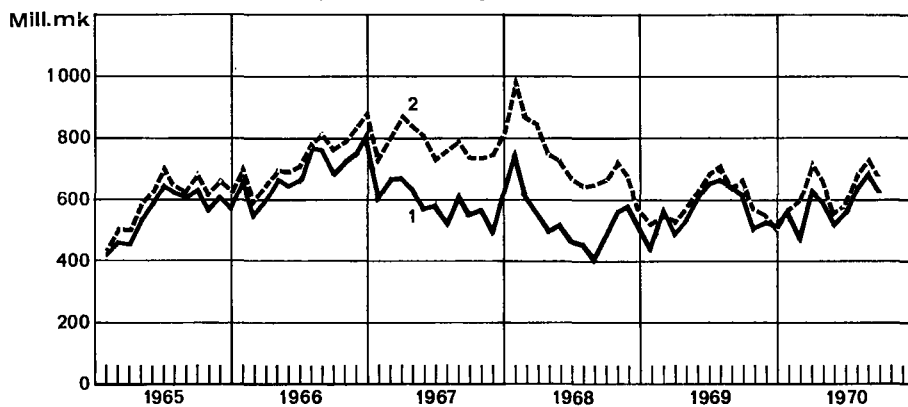
Vol. 44 No. 11

Bank of Finland foreign exchange reserve, 1965-1970



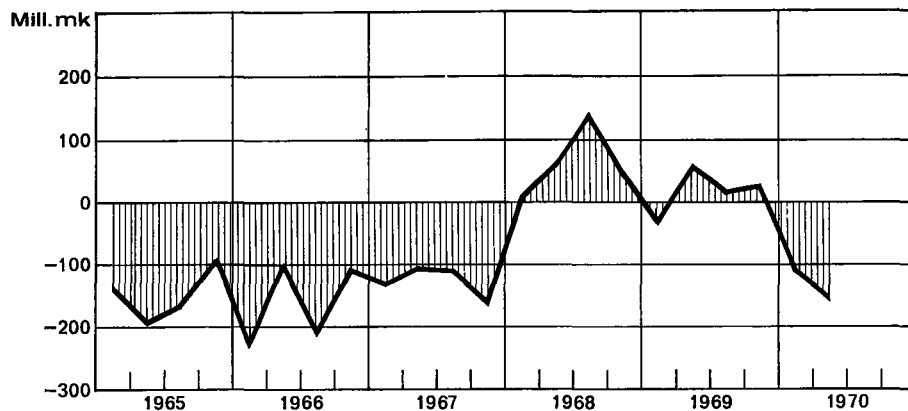
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

Bank of Finland's position in regard to the banks, 1965-1970



1. Net claims on the banks
 2. Discounted and rediscounted bills
- Seasonally adjusted end of month figures

Balance of payments current account surplus/deficit, 1965-1970



Seasonally adjusted quarterly figures

CREDIT POLICY

The devaluation of 1967 and the subsequent enforcement of the Economic Special Powers Act in 1968, together with the favourable international economic outlook gave a strong impetus to economic activity in Finland, after three years of moderate growth. The resulting boom has generated a shortage of labour and other bottlenecks in production and a foreign trade deficit. This year the growth of imports has markedly exceeded that of exports. The value of commodity imports increased by 29 per cent in January—September 1970 in comparison with the corresponding period last year. The growth in imports of raw materials has been particularly strong. As the growth in the value of commodity exports over the same period was considerably less, i.e. 19 per cent, the trade account deficit for the first three quarters of 1970 totalled 684 million marks.

If this development in the trade balance would continue, it could severely restrict the scope for expansionary policies during the next downswing. Therefore a policy intended to curb the boom was introduced as early as spring 1969. At first efforts were made to gradually limit the growth in bank lending. Towards the end of 1969 an agreement was reached on the implementation of a counter-cyclical policy. On the basis of this agreement 285 million marks accrued in the Bank of Finland in the form of investment and counter-cyclical deposits by the end of October 1970. In spite of these measures the growth in demand has considerably exceeded that of domestic production in 1970.

An important reason for this excess demand, although not the only one, has been the strong credit expansion which emerged partly as a result of the inflow of short-term foreign capital. During the first three quarters of 1970 bank lending has increased by slightly more than 13 per cent while during the same period bank

deposits grew by no more than a little over 7 per cent. This year the growth in lending has substantially exceeded the fairly rapid (8.5 per cent) growth which occurred in the corresponding period in 1969. Consequently, the Bank of Finland has considered it necessary to continue its previous policy aimed at curbing bank lending.

At the end of September 1970 the Bank of Finland confirmed that the credit quotas of the banking institutions for October—November 1970 were to be 80 per cent of the base level valid at the end of September 1969. Although the quotas were raised by 15 percentage units from the level announced in March 1970, the liquidity position of the banks remained tight if seasonal developments in the financial market are taken into consideration.

Moreover, the Bank of Finland has discussed the present situation with the representatives of the various banking institutions and emphasized the need to check the growth in total demand more effectively and to reduce the pressure on the balance of payments by using credit policy instruments. In particular, at the request of the central bank, the banks agreed to limit consumer credit and other credits which would increase the demand for imports. Furthermore, loans for new investment projects should be postponed at the moment.

Apart from these general instructions the Bank has imposed a number of special regulations which have similar objectives. Those commercial banks which have exceeded or come close to exceeding their credit quotas have been advised to reduce the planned level of their lending in the form of short-term bills as well as their intended advances to hire-purchase companies by as much as 20 per cent from the beginning of December. In addition, the

banks should check and restrict the authority of branch offices to grant credit. The terms of the special arrangement on which domestic suppliers could obtain credit have also been revised both by limiting the number of the

purposes for which these credits are granted and by raising the interest rate of the part to be financed by the Bank of Finland.

October 30, 1970.

BANK OF FINLAND

Mill. mk

	1969		1970			
	Oct. 31	Dec. 31	Oct. 8	Oct. 15	Oct. 23	Oct. 30
Assets						
Gold and other foreign assets	1 401.0	1 433.1	1 788.6	1 833.4	1 855.2	1 893.4
Gold	189.3	189.4	189.4	189.5	189.5	189.5
Special drawing rights	—	—	98.0	98.0	98.0	98.0
IMF gold tranche	173.3	173.3	189.5	189.5	189.5	199.5
Foreign exchange	884.1	905.0	1 201.6	1 246.3	1 271.6	1 300.5
Foreign bills	94.1	106.3	79.5	79.5	76.0	75.4
Foreign bonds	60.2	59.1	30.6	30.6	30.6	30.5
Claims on domestic banks	699.3	637.1	679.4	642.0	784.6	757.8
Discounted bills	—	—	660.0	625.2	771.8	736.7
Rediscounted bills	597.2	550.3	7.6	6.3	4.2	8.5
Cheque accounts	102.1	86.8	11.8	10.5	8.6	12.6
Other lending	317.9	317.6	268.2	266.7	266.8	267.3
Inland bills discounted						
In foreign currency	15.9	7.3	—	—	—	—
In Finnish marks	184.2	191.6	148.7	150.1	150.2	150.1
Loans	117.8	118.7	119.5	116.6	116.6	117.2
Other assets	164.6	627.0	762.2	769.2	714.1	795.7
Finnish bonds	85.5	126.5	371.1	383.1	326.9	416.9
Finnish coin	12.5	5.5	12.1	12.6	13.6	14.9
Currency subscription to Finland's quota in the IMF	—	351.7	335.5	335.5	335.5	325.5
Other claims	66.6	143.3	43.5	38.0	38.1	38.4
Total	2 582.8	3 014.8	3 498.4	3 511.3	3 620.7	3 714.2
Liabilities						
Notes in circulation	1 144.0	1 298.4	1 207.1	1 215.3	1 230.9	1 262.8
Liabilities payable on demand	138.8	123.5	98.2	92.5	126.4	160.9
Foreign exchange accounts	66.1	81.0	65.0	63.7	63.7	62.7
Mark accounts of holders abroad	15.7	12.2	15.4	12.0	9.9	11.5
Cheque accounts						
Treasury	2.9	3.7	3.8	3.1	35.8	70.3
Post Office Bank	3.1	3.6	0.7	0.8	3.5	3.2
Private banks	38.6	10.1	—	—	—	—
Other	1.8	1.0	1.6	2.0	2.0	1.8
Other sight liabilities	10.6	11.9	11.7	10.9	11.5	11.4
Term liabilities	355.9	307.6	700.5	701.0	755.3	790.9
Foreign	12.2	7.7	—	—	—	—
Domestic	343.7	299.9	700.5	701.0	755.3	790.9
IMF mark accounts	—	351.7	335.5	335.5	335.5	325.5
Allocations of special drawing rights	—	—	88.2	88.2	88.2	88.2
Equalization accounts	433.1	405.6	524.4	532.4	535.3	534.6
Bank's own funds	511.0	528.0	544.5	546.4	549.1	551.3
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	172.7	172.7	200.3	200.3	200.3	200.3
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	38.3	55.3	44.2	46.1	48.8	51.0
Total	2 582.8	3 014.8	3 498.4	3 511.3	3 620.7	3 714.2

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7—8)
	1	2	3	4	5	6	7	8	9
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	10.4	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	— 6.5	4.4	— 10.9
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	—354.3	3.0	—357.3
1969	1 267.7	92.4	1 175.3	517.1	360.2	1 332.2	—196.1	3.7	—199.8
1969									
Aug.	1 226.7	70.5	1 156.2	144.5	21.2	1 279.5	—278.0	6.8	—284.8
Sept.	1 105.5	83.5	1 022.0	151.6	20.9	1 152.7	—263.0	1.1	—264.1
Oct.	1 246.7	75.9	1 170.8	154.3	18.1	1 307.0	—238.4	2.9	—241.3
Nov.	1 257.3	83.6	1 173.7	159.4	18.1	1 315.0	—224.7	2.8	—227.5
Dec.	1 267.7	92.4	1 175.3	517.1	360.2	1 332.2	—196.1	3.7	—199.8
1970									
Jan.	1 393.7	56.6	1 337.1	514.8	359.4	1 492.5	—187.2	1.1	—188.3
Feb.	1 541.8	54.0	1 487.8	515.7	359.4	1 644.1	—184.5	18.2	—202.7
March	1 468.8	53.7	1 415.1	524.1	359.4	1 579.8	—175.2	12.1	—187.3
April	1 484.5	57.4	1 427.1	545.6	356.4	1 616.3	—169.6	6.8	—176.4
May	1 536.6	59.5	1 477.1	538.7	356.4	1 659.4	—166.5	1.2	—167.7
June	1 586.0	85.2	1 500.8	515.2	351.7	1 664.3	—163.2	0.6	—163.8
July	1 642.0	83.3	1 558.7	450.9	330.7	1 678.9	—159.5	1.6	—161.1
Aug.	1 684.8	77.9	1 606.9	439.7	330.7	1 715.9	—149.4	1.0	—150.4
Sept.	1 696.0	78.4	1 617.6	448.3	335.5	1 730.4	—146.7	2.8	—149.5
Oct.	1 787.5	74.2	1 713.3	431.4	325.5	1 819.2	—141.3	70.3	—211.6

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1969			Net holdings, Sept. 31, 1970			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Sept.	Jan.-Sept.
	Gold	189	—	189	189	—	189	—
Special drawing rights	—	—	—	98	—	98	+ 5	+ 98
IMF gold tranche	173	—	173	189	—	189	— 5	+ 16
Convertible currencies	893	—98	795	1 108	—438	670	—16	—125
Other currencies	—80	5	—75	33	— 9	24	— 5	+ 99
Total	1 175	—93	1 082	1 617	—447	1 170	—21	+ 88

BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks					Other					Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts ¹	Liabilities, Cheque accounts		Net claims on the banks (1+2+3-4-5)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (7+8-9)	
				Private banks ²	Post Office Bank ²						
1	2	3	4	5	6	7	8	9	10	11	
1963	—	325.3	—	1.3	3.0	321.0	57.4	94.2	2.9	148.7	943.7
1964	—	448.4	—	16.4	49.6	382.4	78.5	91.6	2.2	167.9	1 002.7
1965	—	640.6	—	11.9	8.3	620.4	76.2	71.7	31.8	116.1	1 028.5
1966	—	915.2	—	13.8	17.3	884.1	180.3	84.8	71.9	193.2	1 106.2
1967	—	867.5	—	154.7	34.5	678.3	197.3	382.5	56.0	523.8	1 052.1
1968	—	617.7	107.4	163.3	16.3	545.5	186.3	195.3	43.4	338.2	1 159.6
1969	—	550.3	86.8	92.8	12.2	532.1	191.6	269.3	25.4	435.5	1 298.4
1969											
Aug.	—	601.3	115.2	83.3	11.3	621.9	174.9	185.8	25.7	335.0	1 166.6
Sept.	—	684.6	112.2	82.7	9.7	704.4	180.9	187.9	30.8	338.0	1 143.3
Oct.	—	597.2	102.1	121.3	11.7	566.3	184.2	200.3	26.4	358.1	1 144.0
Nov.	—	601.0	96.7	82.7	14.0	601.0	181.4	197.3	25.9	352.8	1 191.4
Dec.	—	550.3	86.8	92.8	12.2	532.1	191.6	269.3	25.4	435.5	1 298.4
1970											
Jan.	462.4	36.1	74.6	82.7	12.8	477.6	183.3	189.2	157.4	215.1	1 177.5
Feb.	467.9	8.7	62.7	63.6	82.6	393.1	178.9	196.6	165.0	210.5	1 208.9
March	584.8	4.2	98.1	41.4	50.2	595.5	167.4	191.6	449.6	— 90.6	1 189.6
April	552.8	7.3	58.3	41.4	15.2	561.8	157.2	178.8	437.1	—101.1	1 205.1
May	531.4	8.3	43.8	41.4	7.8	534.3	151.3	176.0	466.5	—139.2	1 258.3
June	589.7	6.5	40.4	41.4	5.2	590.0	150.7	167.6	549.0	—230.7	1 264.8
July	683.2	3.7	17.3	47.0	5.9	651.3	163.3	169.0	579.0	—246.7	1 226.1
Aug.	664.1	12.4	27.5	—	1.1	702.9	162.2	160.8	552.8	—229.8	1 237.6
Sept.	686.6	7.8	22.6	—	2.5	714.5	146.7	162.0	550.5	—241.8	1 225.7
Oct.	736.7	8.5	12.6	—	3.2	754.6	150.1	155.6	662.8	—357.1	1 262.8

¹ Including special index accounts.² Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

Oct. 30, 1970

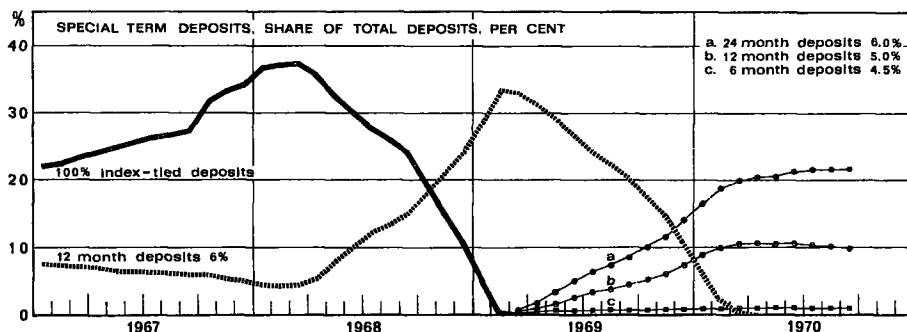
New York	1 \$	4.176	Frankfurt o. M.	100 DM	115.00	Vienna	100 S	16.18
Montreal	1 \$	4.100	Amsterdam	100 FI	116.09	Lisbon	100 Esc	14.62
London	1 £	9.980	Brussels	100 Fr	8.415	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	80.63	Zurich	100 Fr	96.33	Madrid	100 Pta	6.03
Oslo	100 Kr	58.46	Paris	100 FF	75.60	Moscow ¹	1 Rbl	4.6799
Copenhagen	100 Kr	55.70	Rome	100 Lit	0.6708	Clearing dollars ²	1 CI \$	4.212

¹ Clearing account; also Bucharest.² Berlin, Budapest, Sofia.

DEPOSITS BY THE PUBLIC

Mill. mk

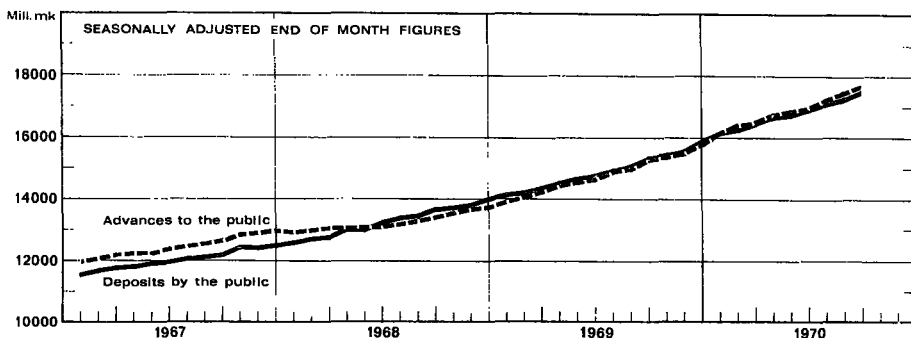
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1962	656.6	800.8	168.5	2 281.2	2 210.8	1 314.7	606.6	293.2	6 706.7	7 676.0
1963	729.1	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	697.2	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1969										
Aug.	890.0	1 127.0	440.8	4 836.5	4 117.0	2 846.2	1 057.0	477.1	13 334.1	14 901.9
Sept.	957.6	1 213.4	463.2	4 869.2	4 149.2	2 881.6	1 062.7	490.8	13 453.8	15 130.4
Oct.	985.6	1 238.5	425.6	4 922.5	4 184.0	2 906.1	1 073.2	497.8	13 583.9	15 248.0
Nov.	946.1	1 190.5	445.8	4 954.8	4 218.9	2 946.0	1 080.5	507.0	13 707.4	15 343.7
Dec.	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970										
Jan.	1 060.3	1 324.0	568.1	5 299.1	4 389.7	3 068.9	1 139.0	528.6	14 425.3	16 317.4
Feb.	1 060.9	1 315.7	575.2	5 381.2	4 450.4	3 131.5	1 164.4	535.9	14 663.4	16 554.3
March	1 098.3	1 371.4	542.4	5 416.5	4 475.8	3 159.0	1 172.9	541.6	14 765.8	16 679.6
April	1 133.1	1 390.8	572.7	5 489.3	4 502.0	3 193.2	1 188.0	544.0	14 916.5	16 880.0
May	1 074.0	1 344.3	563.8	5 562.7	4 540.9	3 219.0	1 188.3	545.3	15 056.2	16 964.3
June	1 110.4	1 376.7	555.2	5 591.5	4 522.5	3 186.6	1 186.6	540.5	15 027.6	16 959.5
July	1 067.9	1 345.3	529.3	5 605.5	4 540.7	3 202.4	1 192.7	540.0	15 081.3	16 955.9
Aug.	1 001.4	1 291.1	554.9	5 641.9	4 584.3	3 240.4	1 198.4	539.2	15 204.2	17 050.2
Sept.	1 094.7	1 409.7	522.6	5 691.9	4 632.3	3 288.6	1 210.9	553.1	15 376.8	17 309.1



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances			Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Post Office Bank	Co-op. banks	Mortgage banks	Loans & Bills	Cheque credits			
	1	2	3	4	5	6	7	8	9	
1962	3 425.7	2 018.5	508.7	1 474.8	614.7	7 680.8	361.6	8 042.4	1 722.5	
1963	3 621.3	2 134.5	544.0	1 608.9	664.3	8 226.2	346.8	8 573.0	1 986.5	
1964	4 153.2	2 318.0	607.7	1 820.7	829.4	9 320.5	408.5	9 729.0	2 042.5	
1965	4 597.4	2 609.2	716.5	2 030.6	899.4	10 439.6	413.5	10 853.1	2 085.0	
1966	5 205.4	2 951.4	783.9	2 261.0	908.8	11 630.7	479.8	12 110.5	2 221.7	
1967	5 558.9	3 247.7	869.0	2 424.3	1 026.9	12 598.9	527.9	13 126.8	2 183.1	
1968	5 865.5	3 448.4	940.3	2 600.5	1 053.0	13 419.5	488.2	13 907.7	2 668.7	
1969	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1	
1969										
Aug.	6 364.7	3 633.8	1 010.5	2 772.6	1 196.2	14 406.2	571.6	14 977.8	2 675.1	
Sept.	6 551.2	3 688.9	1 027.5	2 819.4	1 201.4	14 678.8	609.6	15 288.4	2 737.3	
Oct.	6 640.0	3 746.8	1 037.3	2 870.5	1 228.3	14 911.9	611.0	15 522.9	2 760.7	
Nov.	6 739.5	3 794.8	1 044.8	2 911.3	1 243.9	15 093.5	640.8	15 734.3	2 792.0	
Dec.	6 892.2	3 802.8	1 049.1	2 922.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1	
1970										
Jan.	6 944.4	3 834.9	1 070.5	2 948.1	1 317.7	15 516.9	598.7	16 115.6	3 164.3	
Feb.	7 060.6	3 853.6	1 089.5	2 978.1	1 318.6	15 667.0	633.4	16 300.4	3 216.5	
March	7 100.3	3 883.0	1 098.1	2 994.2	1 333.5	15 770.7	638.4	16 409.1	3 455.7	
April	7 300.5	3 947.2	1 119.0	3 029.7	1 317.8	16 005.4	708.8	16 714.2	3 534.3	
May	7 336.5	3 991.9	1 119.3	3 068.4	1 337.2	16 185.9	667.4	16 853.3	3 555.5	
June	7 433.1	4 022.0	1 130.3	3 095.3	1 355.8	16 348.0	688.5	17 036.5	3 627.5	
July	7 464.0	4 064.8	1 154.5	3 137.1	1 379.3	16 503.9	695.8	17 199.7	3 595.0	
Aug.	7 522.5	4 115.0	1 166.5	3 177.7	1 380.9	16 661.2	701.4	17 362.6	3 556.5	
Sept.	7 683.2	4 185.1	1 184.4	3 237.1	1 378.1	16 964.0	703.9	17 667.9	..	



STATE FINANCES

Mill. mk

Revenue	Jan.—Aug.		Expenditure	Jan.—Aug.	
	1969	1970		1969	1970
Income and property tax (net)	1 698	2 040	Wages, salaries, pensions etc.	1 085	1 184
Gross receipts	(3 922)	(4 675)	Repair and maintenance	158	177
Refunds & local authorities	(—2 224)	(—2 635)	Other consumption expenditure	412	482
Other taxes on income and property	35	35	Total consumption expenditure	1 655	1 843
Employers' child allowance payments	391	431	State aid to local authorities	919	1 025
Sales tax	1 495	1 743	State aid to industries	675	915
Revenue from Alcohol Monopoly	336	428	of which: agric. price subsidies	(524)	(680)
Customs duties & import charges	250	300	Child allowances	211	206
Export levy	129	—	Share in national pensions and health insurance	271	273
Excise duty on tobacco	283	271	Other transfer expenditure	651	715
» » on liquid fuel	365	346	Total transfer expenditure	2 727	3 134
Other excise duties	149	175	Machinery and equipment	165	206
Tax on autom. and motor cycles	209	230	House construction	193	174
Stamp duties	130	145	Land and waterway construction	477	417
Special diesel etc. vehicles tax	29	31	Total real investment	835	797
Other taxes and similar revenue	35	87	Interest on State debt	171	168
Total taxes	5 534	6 262	Index compensations	30	20
Miscellaneous revenue	313	314	Net deficit of State enterprises	82	41
Interest, dividends etc.	117	132	Other expenditure	4	3
Sales and depreciation of property	47	52	Total other expenditure	287	232
Redemptions of loans granted	119	116	Increase in inventories	—0	19
Total revenue	6 130	6 876	Lending	422	414
Foreign borrowing	125	1	Other financial investment	105	185
Domestic borrowing	486	360	Total expenditure	6 031	6 624
Total borrowing	611	361	Redemption of foreign loans	69	75
Deficit (+) or surplus (—)	—126	—170	Redemption of domestic loans	515	368
			Total redemptions	584	443
Total	6 615	7 067	Total	6 615	7 067

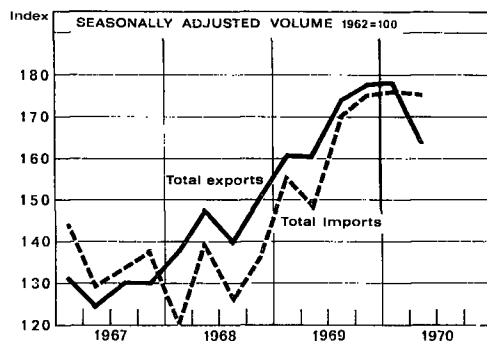
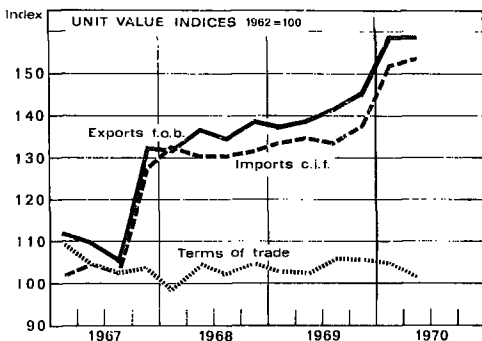
State debt	1967	1968	1969	1970			
	Dec.	Dec.	Dec.	June	July	Aug.	Sept.
Foreign debt	1 844	2 074	1 656	1 544	1 534	1 532	1 505
Loans	2 013	2 160	2 316	2 336	2 344	2 301	2 289
Compensatory obligations	5	5	4	3	3	3	3
Short-term credit	167	320	158	43	47	53	53
Cash debt (net)	— 12	— 256	— 217	—212	—445	—317	..
Domestic debt	2 173	2 229	2 261	2 170	1 949	2 040	..
Total State debt	4 017	4 303	3 917	3 714	3 483	3 572	..
Total debt, mill. \$	955	1 028	933	889	834	855	..

FOREIGN TRADE

Mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1965	4 566.0	5 265.1	-699.1
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.8	8 495.0	-150.2
1969			
July	742.3	648.5	+ 93.8
Aug.	703.7	588.8	+114.9
Sept.	733.0	782.1	- 49.1
Oct.	884.9	865.0	+ 19.9
Nov.	714.4	747.3	- 32.9
Dec.	845.9	922.4	- 76.5
1970*			
Jan.	758.0	768.1	- 10.1
Feb.	597.1	741.8	-144.7
March	731.2	792.9	- 61.7
April	813.7	982.5	-168.8
May	822.0	908.7	- 86.7
June	806.0	825.3	- 19.3
July	782.3	866.1	- 83.8
Aug.	824.5	798.1	+ 26.4
Jan.-Aug.			
1969*	5 166.5	5 178.4	- 11.9
1970*	6 134.8	6 683.5	-548.7

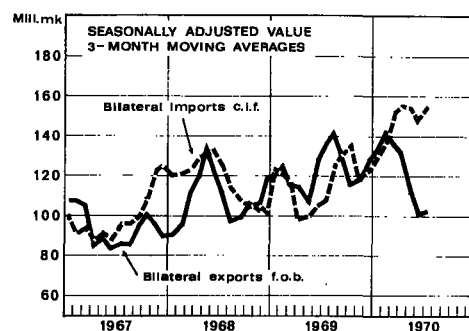
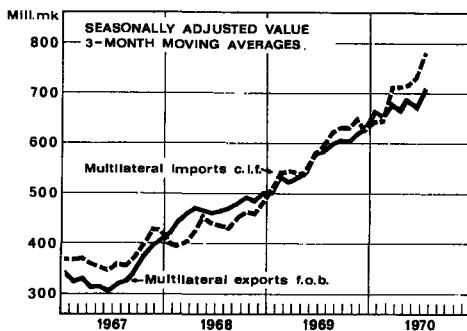
Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1965	114	129	113	104	109
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1967					
July-Sept.	134	124	106	103	103
Oct.-Dec.	139	144	133	128	104
1968					
Jan.-Mar.	120	116	132	133	99
Apr.-June	150	141	137	131	105
July-Sept.	142	116	135	131	103
Oct.-Dec.	161	145	139	132	105
1969					
Jan.-Mar.	140	147	138	134	103
Apr.-June	164	151	139	135	103
July-Sept.	174	153	142	134	106
Oct.-Dec.	190	187	146	138	106
1970*					
Jan.-Mar.	148	154	159	152	105
Apr.-June	173	180	159	154	103



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.6	3 683.4	948.3	2 229.4	1 633.9
1969*										
July	17.6	10.3	155.3	268.9	216.3	73.9	302.7	65.3	160.9	119.6
Aug.	21.9	9.3	153.0	289.5	129.8	100.2	285.2	55.0	139.4	109.2
Sept.	24.7	9.8	150.4	287.0	147.1	114.0	344.6	119.3	173.4	144.8
Oct.	24.9	7.9	158.6	337.2	235.1	121.2	366.9	96.9	243.8	157.4
Nov.	26.2	8.5	130.6	291.7	144.2	113.2	337.1	99.4	146.0	164.8
Dec.	58.8	5.3	121.4	301.8	256.8	101.8	434.0	71.9	234.9	181.6
1970*										
Jan.	53.4	1.4	112.0	295.4	199.4	96.4	330.8	133.5	166.2	137.6
Feb.	26.5	1.7	64.3	253.2	147.0	104.4	314.5	69.9	203.0	154.4
March	47.0	0.7	62.7	308.3	191.0	121.5	332.8	54.8	245.5	159.8
April	29.0	3.1	94.9	333.4	219.6	133.7	443.7	73.4	250.8	214.6
May	37.3	9.4	131.4	325.6	212.2	106.1	409.4	110.0	222.8	166.5
June	27.1	10.7	150.6	316.7	192.6	108.3	395.9	89.9	200.1	139.4
July	25.1	10.9	163.1	311.6	182.1	89.5	416.8	72.4	221.9	155.0
Aug.	30.8	12.4	154.2	343.2	163.3	120.6	336.1	142.4	181.7	137.9
Jan.-Aug.										
1969*	225.6	40.4	839.4	2 156.2	1 228.5	676.4	2 200.9	560.8	1 431.4	985.3
1970*	276.2	50.3	933.2	2 487.4	1 507.2	880.5	2 980.0	746.3	1 692.0	1 265.2



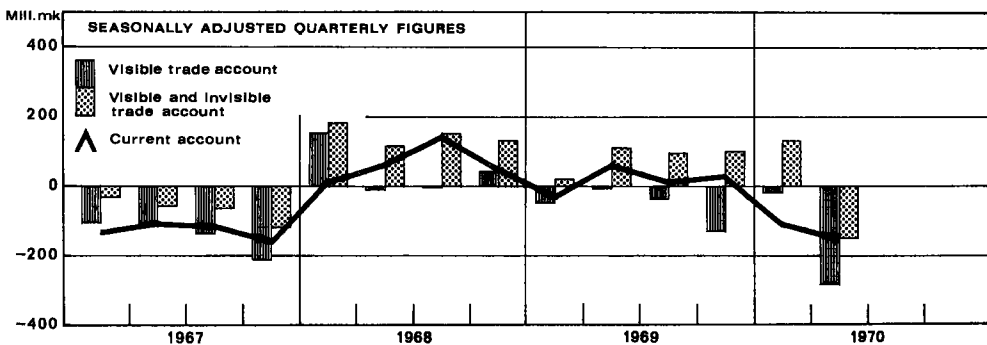
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—August				January—August			
	1969		1970		1969		1970	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	67.0	3 461.8	71.1	4 362.4	72.5	3 756.0	73.9	4 939.1
Austria	0.6	30.3	0.8	50.7	1.1	58.3	1.4	91.6
Belgium-Luxembourg	2.4	125.4	2.0	123.5	1.9	99.0	2.2	145.3
Denmark	3.9	203.4	4.1	251.8	3.3	172.3	3.2	215.4
France	4.2	216.5	3.9	239.4	4.0	205.3	3.7	245.1
Federal Republic of Germany	9.9	511.4	11.0	672.2	15.7	811.8	17.3	1 159.9
Italy	2.7	141.3	2.4	148.5	2.3	120.7	2.1	138.6
Netherlands	4.4	227.3	4.7	289.8	3.6	184.3	3.5	235.1
Norway	2.1	108.0	3.1	192.5	2.7	138.6	2.3	155.9
Portugal	0.3	14.6	0.4	23.9	0.6	31.8	0.8	54.6
Spain	0.9	48.4	1.1	65.1	0.3	14.8	0.3	20.8
Sweden	12.8	659.8	16.2	992.9	16.1	836.1	17.6	1 174.9
Switzerland	2.0	100.9	1.8	111.1	3.3	169.7	3.4	226.8
United Kingdom	18.7	965.0	17.7	1 083.3	17.4	901.2	15.8	1 055.3
Other	2.1	109.5	1.9	113.7	0.2	11.5	0.3	19.8
OECD countries outside Europe	7.2	371.0	6.1	372.3	6.8	351.4	5.6	377.2
Canada	0.4	22.9	1.0	58.9	0.2	11.6	0.3	21.3
Japan	0.3	13.5	0.3	18.3	1.9	95.5	1.9	130.5
United States	6.5	334.6	4.8	295.1	4.7	244.3	3.4	225.4
Eastern Bloc	18.3	944.4	14.7	902.7	15.6	808.7	16.5	1 100.9
Czechoslovakia	0.5	24.9	0.5	32.9	0.6	31.6	0.5	33.0
Democratic Republic of Germany	0.6	30.0	0.6	39.3	0.7	34.5	0.6	39.4
People's Republic of China	0.2	8.8	0.6	37.0	0.3	17.0	0.2	15.1
Poland	1.8	90.4	1.3	77.2	1.2	63.5	1.5	96.0
Soviet Union	14.5	751.7	10.8	663.1	12.2	632.9	12.9	863.7
Other	0.7	38.6	0.9	53.2	0.6	29.2	0.8	53.7
Latin America	3.3	173.5	2.8	172.3	2.7	136.6	2.1	141.4
Argentina	0.7	37.4	0.7	44.5	0.3	13.3	0.2	11.2
Brazil	0.4	22.6	0.5	29.9	0.9	45.3	0.5	36.1
Colombia	0.3	14.3	0.2	12.6	0.7	36.4	0.7	44.5
Other	1.9	99.2	1.4	85.3	0.8	41.6	0.7	49.6
Other	4.2	215.8	5.3	325.1	2.4	125.7	1.9	124.9
GRAND TOTAL	100.0	5 166.5	100.0	6 134.8	100.0	5 178.4	100.0	6 683.5
of which								
EFTA countries	40.3	2 082.0	44.2	2 712.7	44.6	2 308.0	44.6	2 980.2
EEC countries	23.7	1 222.0	24.1	1 477.4	27.5	1 421.8	28.8	1 924.0
OECD countries	74.2	3 832.8	77.2	4 734.7	79.3	4 107.4	79.5	5 316.3

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1967	5 194	5 816	-622	+416	- 88	+17	-277	-209	- 3	-489
1968	6 832	6 730	+102	+481	- 8	-25	+550	-276	- 5	+269
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
Jan.-Mar										
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970	2 074	2 309	-235	+167	- 9	- 3	- 80	- 86	-11	-177
Apr.-June										
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970	2 429	2 721	-292	+140	+ 10	+ 0	-142	- 96	+ 1	-237
July-Sept.										
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
Oct.-Dec.										
1967	1 623	1 815	-192	+107	- 12	+16	- 81	- 50	- 6	-137
1968	1 959	1 886	+ 73	+ 98	- 12	-34	+125	- 84	- 4	+ 37
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12

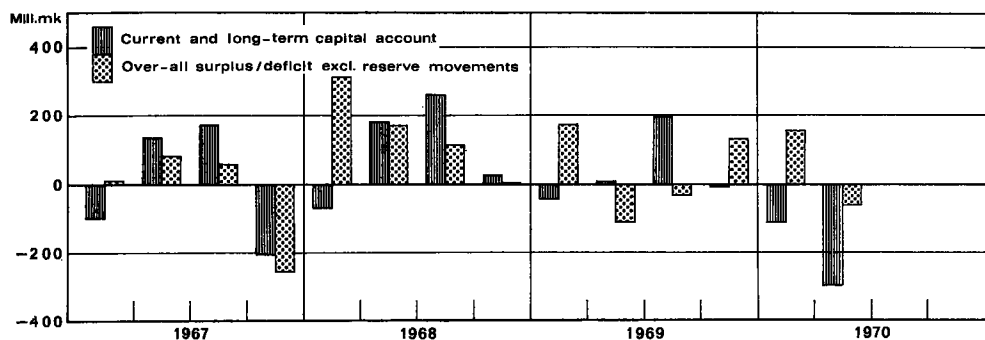


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+ 910	-406	- 33	+13	+484	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
+1 245	-868	-167	-81	+129	+398	+235	- 64	+ 28	+597	-664	+ 67
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+ 192	- 66	+ 12	+ 5	+143	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
+ 214	-140	- 54	+ 4	+ 24	- 69	+168	+191	+ 24	+314	-401	+ 87
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	-107	- 9	+225	+ 48 ²	+157	-240	+ 83
+ 315	- 62	+ 2	+ 4	+259	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
+ 396	-214	- 18	-18	+146	+180	+190	-144	- 56	+170	-233	+ 63
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-281	+144	+ 52	+ 24	- 61	- 86	+147
+ 251	- 92	- 13	+ 4	+150	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
+ 226	-212	- 14	-29	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 152	-186	- 34	+ 0	- 68	-205	- 13	-159	+122	-255	+316	- 61
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21

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

¹ Including Direct investment net.

² Including Allocations of special drawing rights 88 million.



PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domestic goods	Imported goods	Producer goods	Machinery & transport equipm.	Consumer goods	Raw materials and commodities	Simply processed goods	More elaborately processed goods			
1967	248	254	225	246	241	253	276	236	240	114	121	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1969	285	288	271	283	291	285	313	276	273	131	139	119
1969												
Dec.	291	293	282	293	301	285	319	287	277	134	139	122
1970												
Jan.	294	297	284	297	307	288	323	290	280	137	146	123
Feb.	295	298	285	297	308	289	327	289	280	138	146	126
March	296	299	285	297	308	291	329	290	280	138	146	126
April	297	300	286	300	310	291	330	293	281	138	146	126
May	297	299	287	299	313	289	326	293	281	138	146	126
June	296	298	286	297	313	289	324	291	281	138	146	127
July	298	301	285	300	313	292	333	290	282	138	146	127
Aug.	298	302	285	300	314	292	332	291	283	138	146	127
Sept.	298	302	285	300	316	292	332	289	284	138	146	127

Period	Consumer prices 1967 = 100											
	Cost of living Oct. 1951 = 100	Consumer prices Oct.-Dec. 1957 = 100	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1969	217	170	112	115	111	108	111	109	110	110	110	112
1969												
Dec.	218	171	112	115	111	109	113	112	111	111	111	112
1970												
Jan.	220	173	113	115	116	109	115	115	111	111	112	114
Feb.	221	173	114	115	116	109	115	116	112	112	112	114
March	221	174	114	115	116	109	115	118	113	112	113	114
April	222	174	114	116	114	109	116	119	113	112	113	114
May	222	174	114	116	114	109	116	118	113	113	113	114
June	222	174	114	116	114	109	116	119	113	113	113	115
July	223	175	115	117	114	109	116	118	113	113	113	115
Aug.	223	175	115	118	114	109	116	118	114	113	113	116
Sept.	224	176	115	118	114	110	115	121	114	112	113	116

WAGES

Index of salary and wage earnings 1964=100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Manufacturing	Construction							
1967	139	128	125	131	126	134	126	127	127	127
1968	151	142	136	146	141	149	139	141	140	141
1969*	171	154	151	156	150	160	149	150	154	152
1968										
Oct.-Dec.	157	145	141	149	144	152	142	144	144	144
1969*										
Jan.-Mar.	167	151	145	155	150	159	147	149	149	149
Apr.-June	169	154	150	156	150	160	149	150	155	153
July-Sept.	169	155	155	156	150	160	150	150	157	154
Oct.-Dec.	181	155	156	156	150	160	150	150	155	153
1970*										
Jan.-Mar.	184	165	164	164	158	167	155	156	164	160
Apr.-June	186	167	168	164	158	167	157	157	169	164

PRODUCTION

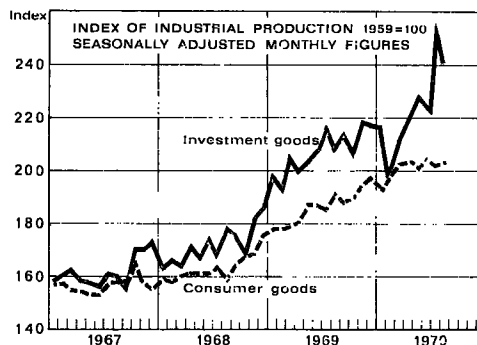
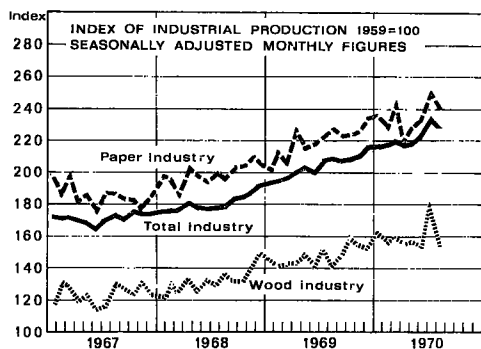
Volume indices of production 1964=100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1967	110	115	96	89	117	106	109	113	114	114	114
1968	113	121	98	93	109	108	114	111	118	119	119
1969	122	136	97	101	124	105	123	123	123	123	126
1969											
Jan.-Mar.	119	138	62	146	85	111	115	114	122	122	124
Apr.-June	120	139	89	113	105	107	122	122	123	122	126
July-Sept.	124	127	173	46	157	103	128	121	124	123	126
Oct.-Dec.	126	147	66	100	150	99	129	134	125	125	128
1970*											
Jan.-Mar.	127	151	61	154	95	98	125	122	127	127	130
Apr.-June	129	150	85	123	125	98	131	131	127	128	132

PRODUCTION

Index of industrial production 1959 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1966	167	160	175	151	151	153	191	214	219	163	166
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969*	205	210	212	187	175	148	222	278	274	199	205
1969*											
March	217	245	225	192	157	164	235	292	269	224	198
April	202	207	207	188	165	160	213	277	261	198	201
May	209	212	213	198	179	169	213	280	288	205	204
June	189	198	190	185	176	129	193	240	271	188	202
July	156	112	170	135	184	134	220	229	256	106	209
Aug.	203	187	209	195	183	118	238	263	281	182	209
Sept.	216	230	221	199	181	142	235	283	294	216	208
Oct.	232	242	239	211	211	165	245	288	305	229	201
Nov.	220	232	230	194	203	146	235	304	284	218	212
Dec.	214	222	293	190	162	145	216	317	291	215	217
1970*											
Jan.	227	234	239	197	163	168	242	328	270	221	217
Feb.	217	219	228	194	155	161	226	336	269	212	218
March	222	228	230	201	162	166	238	305	287	219	220
April	239	256	240	231	195	193	238	327	310	243	217
May	220	225	226	204	178	168	225	306	296	216	220
June	215	223	215	210	195	145	209	306	306	211	223
July	176	132	195	147	189	159	247	270	288	126	236
Aug.	221	215	227	207	189	128	248	300	309	204	228



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Labour input 1 000 man-years/months	Unemployment, % of total labour force	Commerca timber fellings 1 000 piled cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1966	2 215	2 180	1 904	1.6	46 507	..	..	103
1967	2 209	2 146	1 845	2.9	44 963	..	..	103
1968	2 188	2 100	1 754	4.0	47 733	100	100	109
1969	2 189	2 127	1 752	2.8	52 725	108	117	..
1969								
July	2 327	2 277	1 579	2.2	1 007	106	109	119
Aug.	2 286	2 239	1 691	2.1	1 886	103	119	121
Sept.	2 186	2 147	1 767	1.8	2 778	108	132	124
Oct.	2 171	2 131	1 805	1.8	3 906	117	134	130
Nov.	2 164	2 120	1 773	2.0	4 171	108	121	117
Dec.	2 164	2 113	1 771	2.4	5 724	149	138	119
1970*								
Jan.	2 133	2 074	1 730	2.8	5 012	93	103	116
Feb.	2 130	2 073	1 689	2.7	6 210	93	113	111
March	2 129	2 075	1 713	2.5	5 531	100	122	118
April	2 130	2 078	1 760	2.4	4 718	112	135	129
May	2 175	2 137	1 840	1.7	11 972	..	130	127
June	2 323	2 284	..	1.7	2 567	..	130	127
July	2 347	2 315	..	1.4	1 351	..	124	..
Aug.	2 305	2 271	..	1.5	2 523	..	..	..

HOUSE CONSTRUCTION

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1967	28.82	11.51	3.08	8.90	3.02	31.34	12.42	2.93	10.83	3.49	31.40
1968	31.58	14.00	2.95	9.56	3.06	26.44	11.72	2.58	9.15	1.35	34.09
1969*	38.95	15.38	3.88	15.29	2.12	31 46	12.62	3.05	12.67	1.41	36.49
1969*											
Jan.-Mar.	5.43	2.12	0.59	2.10	0.32	4.85	1.97	0.28	1.92	0.50	32.29
Apr.-June	11.98	4.95	1.88	4.13	0.25	6.26	2.73	0.45	1.84	0.88	37.06
July-Sept.	11.78	4.94	0.86	4.62	0.75	8.52	3.31	0.83	2.56	1.20	38.85
Oct.—Dec.	9.76	3.37	0.55	4.44	0.80	10.66	4.25	1.36	4.27	0.32	36.49
1970*											
Jan.-Mar.	6.58	2.57	0.61	2.81	0.36	5.34	2.50	0.37	1.92	0.39	36.29
Apr.-June	14.25	6.04	1.81	5.26	0.50	7.29	3.37	0.53	2.37	0.66	40.85

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. Since Dec. 31, 1969. *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + Special drawing rights + IMF gold tranche + Foreign exchange. *Liabilities on foreign exchange and mark accounts* = Foreign exchange accounts + Mark account of holders abroad. *Other foreign assets* = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF. *Other foreign liabilities* = Foreign term liabilities + IMF mark accounts. *Claims on Treasury* = Treasury bills covering certain IMF and IBRD accounts + Advances for stand-by stocks — Export levies (net). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills and Advances for stand-by stocks). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities — Cash reserve accounts — Export levies (net).

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 banks, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks.

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public.

STATE FINANCES

Page 8. Official figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Bank less cash holdings (net) of State departments and funds.

FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase, exports by countries of sale.

BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

PRICE INDICES

Page 14. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office. Page 16. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). 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 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 indices: food industry ISIC no. 20, weight 11.2, wood industry no. 25, weight 6.6, paper industry no. 27, weight 13.1, chemical industry no. 31, weight 5.2, non-metallic mineral industry no. 33, weight 3.6 and metal industry nos. 34—38, weight 23.5

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — HOUSE CONSTRUCTION

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. Since July 1965 figures have been adjusted by the Bank of Finland Institute for Economic Research. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Indicator of traffic activity* calculated by the Bank of Finland Institute for Economic Research. Figures are weighted averages of the sea, air, railway and road traffic. *House construction* figures calculated by the Central Statistical Office.

SYMBOLS USED

* Preliminary 0 Less than half the final digit shown . Logically impossible .. Not available — Nil

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden and was raised in 1556 to the dignity of a Grand Duchy. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, 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 1970 were as follows: Social Democrats 52, Conservatives 37, Centre Party 38, People's Democrats 36, Finnish Farmers' Party 18, Swedish Party 12, Liberal Party 8 and Christian League 1.

INTERNATIONAL ORGANIZATIONS

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

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. 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 (1968): 4.7 million. Sweden 7.9, Switzerland 6.1, Denmark 4.9 and Norway 3.8 million.

DENSITY OF POPULATION (1968): In South Finland 26.2, in North Finland 4.3 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1968): 51 % of the population inhabit the rural areas, 49 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 532 300 inhabitants, Tampere (Tammerfors) 152 500, Turku (Åbo) 152 000.

EMPLOYMENT (1968): Agriculture and forestry 25 %, industry and construction 34 %, commerce 15 %, transport and communications 7 %, services 19 %.

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

EDUCATION (1968): 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 (1968): births 16.0 ‰, deaths 9.6 ‰, increase 4.4 ‰, net emigration 1.6 ‰. Deaths in France 11.0 ‰ and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1969, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 773 (8 %), forestry and fishing 2 255 (7 %), manufacturing 11 026 (32 %), construction 3 147 (9 %), transport and communication 2 471 (7 %), commerce, banking and insurance 4 228 (12 %), public administration 1 550 (5 %), ownership of dwellings 2 081 (6 %), services 4 781 (14 %), total 34 312. Index of real domestic product 129 (1964 = 100).

FOREST RESOURCES (1960—1969): The growing stock comprised 1 450 million of solid cu. m incl. bark (51 210 million cu. ft), of which pine 43 % and spruce 38 %, the rest 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 411 million cu. ft, 48 % of them pine, was up to the standard required for logs. The annual growth is 47 million solid cu. m green wood excl. bark (1 660 mill. cu. ft). The total removal in 1970 calculated according to the use of wood was 51 million cu. m excl. bark (1 758 million cu. ft).

AGRICULTURE (1969): Cultivated land 2.6 million hectares. Number of holdings 297 000, of which 188 000 are of more than 5 ha. Index of agricultural production 100 for 1969 (1964 = 100). Measure of self-sufficiency in bread cereals 100 % in the crop year 1968/69.

INDUSTRY (1967): Gross value of industrial production 22 200 mill. marks, number of workers 355 200, salaried employees 89 600, motive power (1967) 4.3 mill. kW. Index of industrial production 182 for 1968 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1970): Length 5 801 km.

MERCHANT FLEET (Oct. 31, 1970): Steamers 54 (65 214 gross reg. tons), motor vessels 386 (586 119 gross reg. tons), tankers 54 (679 677 gross reg. tons), sailing vessels with auxiliary engines 9 (1 274 gross reg. tons). Total 503 (1 332 284 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1969): Passenger cars 643 100, lorries and vans 96 900, buses 7 900, others 4 700. Total 752 600.

FINNISH AIRCRAFT (April, 1970): Finnish airlines. Finnair and Kar-Air have in use 2 DC-8-62s, 3 DC-6s, 8 Super Caravelles and 9 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 23 airports and to 16 domestic airports.

FINANCE AND BANKING

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

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1969). There are two big and four small commercial banks with in all 824 offices. 330 savings banks, 464 co-operative banks and their central bank, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixtytwo private insurance companies also grant credits.

RATES OF INTEREST (Jan 1, 1970). Bank of Finland discount rates 6—9 %, the rate for discounts or rediscounts for banks 7 %. Other credit institutions: term deposits 4 %. 6 month deposits 4 ½ %, 12 month deposits 5 %, 24 month deposits 6 %; highest lending rate 10 %.

THE FINNISH FINANCIAL MARKETS

by Markku Puntila, D. Pol. Sc.

Head of Department of the Bank of Finland Institute for Economic Research

In the next two years a series of articles will be published in the Bank of Finland Monthly Bulletin at 2—3 month intervals dealing with the Finnish financial markets, their institutions, characteristics and the problems connected with their development. The purpose of the article below is to introduce the series by providing a rough outline of the structure and the principal characteristics of the Finnish financial markets.

SAVING IN FINLAND

The average propensity to save in Finland is very high. Gross saving (including depreciation) in the 1960's has varied around 27 per cent of the value of the GDP. Of this, approximately 40 per cent has been accumulated by households, slightly less than 30 per cent by the business sector and slightly more than 30 per cent by the public sector.

To what extent the financial markets are responsible for transferring the savings of each sector to investment in other sectors cannot satisfactorily be answered. However, it may be mentioned that the household sector's own investment activity amounted to a little less than 80 per cent of that sector's saving whereas the business sector's investments exceeded its savings by more than 60 per cent. In the public sector investment accounted for approximately 80 per cent of total saving; thus surplus funds also accrued in the public sector, taken as a whole, during the 1960's. Total gross investment in Finland exceeded total saving by about 4 per cent in the same decade. The deficit was financed through the net inflow of foreign capital, a major part of which was channelled through domestic financial institutions. The surplus savings of the household sector were,

no doubt, mainly channelled through the organized financial markets to cover the financial deficit of the business sector. In addition, it is clear that within each sector most of the flow of funds from surplus units to deficit units passed through the financial markets. The available statistics do not, however, give a reliable picture of these intra-sectoral financial flows.

The relative size of the financial markets in Finland is to some extent illustrated by the fact that the financial assets of the non-financial sector, i.e. households, enterprises and the public sector, in the form of money, bank deposits, bonds and shares totalled approximately 60 per cent of the GDP at the end of 1959 and more than 70 per cent at the end of 1968. This increase reflects the growing significance of the financial markets, the growth of which in terms of financial flows has presumably been even faster because the velocity of circulation of financial capital has undoubtedly increased at the same time.

THE STRUCTURE OF THE FINNISH FINANCIAL MARKETS

The most notable characteristic of the Finnish financial markets is the dominant position of the deposit banks, which is reflected by such features as the minor significance of other financial institutions and the underdeveloped security market.

The central position of the deposit banks in the financial markets is illustrated by the following table displaying the claims held by households, firms and the public sector as distributed among the four most important forms of assets.

**CLAIMS HELD BY THE NON-FINANCIAL
SECTOR, SPLIT ACCORDING TO TYPE OF
ASSET ¹**

	1959		1968	
	Mill. mk	Per cent	Mill. mk	Per cent
Notes and coinage	628.6	7.4	1 085.5	4.5
Bank deposits	5 376.6	63.2	14 362.5	59.0
Bonds and debentures	246.1	2.9	1 130.5	4.6
Shares	2 259.4	26.5	7 783.2	31.9
Total	8 510.7	100.0	24 361.7	100.0

¹ Figures derived from the financial market statistics.

It can be seen that the role of bank deposits is still clearly dominant, although their relative share has slightly declined during the 1960's as has the share of notes and coinage. On the other hand, the relative proportions of both bonds and debentures and shares have risen noticeably.

BANK DEPOSIT MARKET

Various types of institutions exist in the Finnish bank deposit market. Deposits from the general public are accepted by the commercial banks, which have the legal form of a joint stock company; by the savings banks, which are in their legal form a kind of non-profit foundations; by the co-operative banks, which are of course co-operative societies; and the Post Office Bank owned by the State. Apart from this, similar deposits are accepted by the savings departments of the co-operative stores from their members. Of these deposit banks the commercial banks are highly centralized, the biggest of them having a dense network of branches all over the country. Both the savings banks and the co-operative banks are local institutions operating in relatively small areas with only a few branches, if any. The savings banks and the co-operative banks, however, both form a nationwide system having their own central bank, which is formally a commercial bank, and their national association.

The shares of the public's total deposits held by these various institutions at the end of 1959 and 1969 are shown in the table below.

DEPOSITS MADE BY THE PUBLIC

	1959		1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Commercial banks ¹	2 083.1	40.5	6 293.6	40.3
Savings banks	1 590.0	30.9	4 504.4	28.9
Co-operative banks	896.9	17.5	3 166.3	20.3
Post Office Bank	572.1	11.1	1 636.8	10.5
Total	5 142.1	100.0	15 601.1	100.0
Savings de- partments of the co- operative stores	219.1	(4.3)	521.5	(3.3)

¹ Including the Central Bank of the Co-operative Banks.

The table reveals that no significant changes have occurred in the market shares of the various institutions during the 1960's. The co-operative banks have, however, somewhat increased their share.

In this connection two more characteristics of the Finnish bank deposit market may be mentioned. All the above institutions apply the same terms in the acceptance of demand and time deposits with the exception that the savings departments of co-operative stores do not accept demand deposits. These terms are decided by the Joint Delegation of the Banking Institutions, on which each of these groups of institutions is represented. Thus there is no competition by means of deposit rates.

The deposit banks have developed a very comprehensive network of branch offices, which is supplemented by the post office network, which is used by the Post Office Bank; this has partly been created to compensate for the lack of competition on deposit rates between the banking institutions. At the same time this network pro-

vides a considerable competitive advantage for the deposit banks vis-à-vis other types of financial institutions, as it makes the use of bank deposits very convenient.

Another characteristic of the Finnish deposit market is the fact that the ratio of demand deposits to all bank deposits is very small, on the average less than 10 per cent. This is due to the fact that a fairly large amount can be drawn on demand from the most popular term deposit accounts, which formally require 6 months' notice of withdrawal, without the interest being lost. At the moment the upper limit for this type of drawing is 3 000 marks every month and the rate of interest is 4 per cent a year. As the demand deposits are not paid interest it is not surprising that a considerable part of the liquid assets of households and small enterprises is placed in these term deposit accounts. One consequence of this special feature, strengthened by a well-developed bank-giro system, is that the narrow definition of money often used in international comparisons is unsatisfactory for Finnish purposes.

The reasons for the predominance of the deposit banks in the Finnish financial markets have not been explained in detail. There is no doubt, however, that at least partly the explanation lies deep in the attitudes of the public — bank deposits are regarded as an acceptable, secure and honourable type of asset whereas investing in securities, and particularly dealing in securities, is something comparable to gambling. The effects of this basic attitude together with other historical and political factors can be seen in the tax treatment which is heavily favourable to bank deposits at the expense of other forms of financial asset, a policy that has been applied in Finland in recent decades and that has in turn helped to maintain the predominance of the deposit banks. Not until the last few years have some tax revisions been implemented which produced a more unified tax treatment of the various types of assets. However, the reforms effected have been cautious and their influence on the structure of the financial market will no doubt be limited and slow.

THE CREDIT MARKET

In spite of the dominance of the deposit banks there are, however, other types of financial institution in Finland. These include the insurance companies and the National Pensions Institute, which grant loans from their funds, and the mortgage banks, which mainly collect their funds by means of issuing bonds and debentures. Moreover, the Bank of Finland has granted direct loans to the public. In recent years these have been primarily within special credit arrangements agreed upon with the commercial banks and the Post Office Bank. There also exist a couple of development credit institutions specialised in the financing of industry and exports, hire purchase and credit card companies, and factoring and leasing institutions that have been established only recently. The various credit institutions will be described in more detail later in this series of articles and therefore only a broad picture of their relative importance is given here.

The following table shows the shares of the various institutions in total credits granted to the public at the end of 1959 and 1969. It also shows direct lending to the public by the State.

CREDIT GRANTED TO THE PUBLIC BY THE FINANCIAL INSTITUTIONS ¹

	1959		1969	
	Mill. mk	Per cent	Mill. mk	Per cent
Commercial banks	2 241.4	32.9	7 436.2	33.6
Savings banks	1 338.1	19.7	3 809.5	17.2
Co-operative banks	906.6	13.3	2 951.2	13.3
Post Office Bank	327.7	4.8	1 033.9	4.7
Deposit banks				
Total	4 813.8	70.7	15 230.8	68.8
Insurance companies	708.9	10.4	3 053.0	13.8
Mortgage banks	318.5	4.7	1 303.4	5.9

	1959		1968	
	Mill. mk	Per cent	Mill. mk	Per cent
National Pensions Institute	786.0	11.6	1 242.9	5.6
Development credit institutions	2.0	0.0	674.9	3.1
Bank of Finland	176.3	2.6	372.8	1.7
Hire purchase and credit card companies	..	..	203.5	0.9
Factoring and leasing institutions	—	—	41.2	0.2
Total	6 805.5	100.0	22 122.5	100.0
Direct loans granted by the State	1 847.7	(27.1)	3 012.2	(13.6)

¹ According to the credit market statistics.

The table indicates, first of all, the predominance of the deposit banks among credit institutions. Their share in total lending to the public is still more than two-thirds. In the comparison of the relative size of the different institutions, the significance of the Post Office Bank is reduced due to the fact that a considerable part of its loans are made to the State. If the central banks of the savings banks and the co-operative banks, which are included with the commercial banks in the above table, are taken to belong to the groups containing the savings banks and the co-operative banks respectively, the share of both of these groups will rise by 1.5 per-

centage units while the share of the commercial banks proper will be reduced by about 3 percentage units.

Further, it can be seen that changes in the relative shares of the various institutions have not exceeded a couple of percentage units in the whole of the 1960's. Reductions in market shares have been experienced most of all by the National Pensions Institute, and to some extent also by the savings banks and the Bank of Finland. The greatest gains have been achieved by the insurance companies and the development credit institutions, followed by the commercial banks and the mortgage banks. The statistics indicate that direct state lending has declined proportionately, but the available figures may exaggerate this trend somewhat due to the changes effected in the compilation of the statistics.

As far as the distribution of the various institutions' credits between the different sectors of the economy are concerned there are some systematic differences between the groups of institutions.

To provide a reference background for the sectoral distribution of credits granted by the various groups of institutions that will be presented in the articles following this one, the break-down into seven sectors of total credits granted by all financial institutions at the end of 1959 and 1969 is given in the following:

CREDIT GRANTED TO THE PUBLIC BY THE FINANCIAL INSTITUTIONS, CLASSIFIED BY INDUSTRY

	1959		1969	
	Mill. mk	Per cent	Mill. mk	Per cent
1. Agriculture, forestry and fishing	785.3	11.5	2 206.9	10.0
2. Manufacturing, mining and quarrying	1 562.8	23.0	6 113.6	27.6
3. Power and electricity	805.0	11.8	1 222.5	5.5
4. Construction and real estate	983.5	14.5	3 072.1	13.9
5. Trade, communications and other service industries	1 237.0	18.2	3 842.4	17.4
6. Municipalities and parishes	418.0	6.1	1 190.5	5.4
7. Personal and miscellaneous credits	1 013.9	14.9	4 474.5	20.2
Total	6 805.5	100.0	22 122.5	100.0

There have been some changes in the structure of lending in the 1960's. The share of manufacturing, mining and quarrying has clearly increased and so has that of personal and miscellaneous credits whereas those of all other sectors, power and electricity in particular, have declined.

The nominal level of the lending rates of interest — as that of the interest rates on deposits — has been fairly steady and low when one takes the average rate of inflation into account. This has resulted from the interest rate policy applied, which will be dealt with in more detail later on. The index linkages applied at times in certain parts of the financial markets have had only a marginal influence on this general state of affairs. As a result of that there has apparently been a chronic excess demand for credit which has necessitated considerable non-price rationing of investment projects by lenders.

No exact information is available on the length of time for which credits are granted in the Finnish financial market. However, as the deposit banks dominate the credit market the average length of loans tends to be relatively short. This can be seen as a way of compensating for the comparatively low real level of interest rates on the credit market. The shortage of opportunities to raise long-term capital has anyway been recognised as a problem for the Finnish financial markets.

THE SECURITY MARKET

As has become clear from the above, there exist securities in Finland which in many other countries are generally bought and sold in the security market. The relative importance of this kind of paper is, however, comparatively small in the Finnish financial market.

This notwithstanding, bonds, and particularly government bonds which have enjoyed the same privileges in taxation as bank deposits for most of the 1960's, have continuously been issued to the public. There thus exists a kind of limited primary market for these securities.

A bond is, however, usually held by the original buyer throughout its life. Also, there is no significant trade in shares. Thus there is almost no secondary market for securities, which would increase the liquidity of these assets. Some kind of picture of the significance of the secondary market in Finland is conveyed by the annual turnover on the Helsinki Stock Exchange, which is the only one in the country. These figures are shown in the table below.

ANNUAL TURNOVER ON THE HELSINKI STOCK EXCHANGE, MILLION MARKS

	1959	1969
Shares	22.9	36.8
Rights to subscription	2.9	5.3
Bonds	1.3	8.3
Debentures	..	3.3
Total	27.1	53.7

If comparisons are made with the stock figures of securities presented earlier the annual turnover on the Stock Exchange must be regarded as very small. If bonds, debentures and shares held by the financial institutions are included, the annual turnover totals less than 0.5 per cent of the total security stock. It will also be noticed that the annual turnover on the Stock Exchange in both years under review has been no more than 1—2 thousandths of the GDP of the relevant year. Reasons for this insignificance of the security market have already been touched upon in the discussion on the position of bank deposits.

The limited size of the security market, which has prevented the effective formation of market interest rates, has been one of the factors enabling the policy of rigid nominal interest rates to be pursued in the other sectors of the financial markets. In addition, the underdeveloped security market has, together with the above-mentioned tax treatment of various financial assets, formed an impediment to the development of financial institutions designed to operate on the security market, such as e.g. mutual funds or investment trusts. In

addition, it should be mentioned that there exists no Treasury bill market nor any organized markets for call money or short-term money in general.

The special features of the Finnish financial markets briefly described above affect their whole operation and dynamics. They also influence the monetary policy of the Bank of Fin-

land, which has to take account of circumstances rather a lot different from those prevailing in countries having more diversified and developed financial markets. Much attention has in recent years been given to the need to develop the Finnish financial market and many reforms aimed at this have been already carried out. These questions will be discussed in special articles later in this series.

ITEMS

Recent trade agreements. Romania. A five-year agreement concerning the exchange of goods between Finland and Romania, to be valid for the period January 1, 1971—December 31, 1975, was signed in Helsinki on September 28, 1970. The exchange of goods shall take place on the basis of world market prices. Payments shall be effected in accordance with the stipulations of the payments agreement concluded on March 14, 1951, with the amendments to this of December 30, 1967. It was further agreed that a mixed commission shall be established in order to make proposals intended to develop the economic relations between the two countries.

On the same date a trade protocol for 1971 was signed. Quotas fixed for Finnish exports amount to 42.4 million marks (30 million in 1969) and import quotas 39.1 million (27 million). The Finnish export list includes machinery, equipment and spare parts for the pulp, paper and wood industry and other machines, cellulose, various papers, paperboards and products therefrom, stable fibre, textiles, chemicals and milk powder. The import list covers fuel oil, gas oil, sunflowerseeds, vegetable oils and fats, fresh and frozen fruit and vegetables, wines, chemical products, metals and machines.

The USSR. On October 13, an agreement was signed in Helsinki between Finland and the USSR regulating the exchange of goods for the year 1971. This is the first agreement within the framework of the fifth five-year pact covering the period 1971—1975 and signed in August 1969. The total exchange of goods in 1971 is estimated to be worth ca. 2 300 million marks (ca. 500 million roubles).

Finland will export Cord-cellulose washing equipment, pulp bale conveying, packing and marking systems, completing equipment for

bleaching plant, equipment for the two-sided coating of printing paper, compressor-type Polutvinver, cardboard machine, various machines for the cellulose and paper industry and mechanical woodworking industries, equipment for the chemical industry, lifting and transport equipment, various pumps and armatures, machinery for power stations, six 3 400 dwt timber transport vessels, four 4 600 dwt ocean-going tankers, two 2 390 dwt wine carriers, five house boats, two motor cargo vessels for inland waters, 1 700 dwt each, two vessels for oceanography, enamelled magnet wires, installation wire and cord, various cables, viscose cellulose, sulphite and sulphate cellulose, various papers and cardboards and products therefrom, various textiles and leather products, furniture, printing material, products of the food and plastic industries.

Finland will import from the USSR crude oil and oil products (45 per cent of total imports), machines for a power station and a nuclear power station, cutting and pressing machine tools, rolling and metallurgical machines, machines for mining, the peat industry and chemical industry, passenger cars, lorries, delivery vans and busses, vessels and machines, railway rolling stock, electric energy, asbestos, scrap steel and rolled products, zinc, lead, aluminium, platinum, chemical products, fertilizers, timber, furs and foodstuffs.

Payments for construction work done by the Soviet Union in Finland, material deliveries and compensation for construction work done by Finnish firms in the USSR and frontier trade between the two countries will be agreed separately.

Bulgaria. On October 22, an agreement was signed in Helsinki between Finland and Bulgaria regulating the exchange of goods for 1971.

Finnish exports to Bulgaria will amount to 27 million marks and imports 34 million.

The Finnish export list includes cellulose, paper and board products, mechanical pulp, newsprint and special papers, machines and equipment, stable fibre, chemicals, electrical machinery and equipment, copper products, cables, sports goods and fishing tackle, textiles and milk powder. The import list comprises fresh fruit and vegetables, fruit pulps, juices, wines, sunflowerseeds, maize, tobacco, vegetable oils, machinery and equipment, lead, zinc and chemicals.

Teollistamisrahasto Oy — Industrialization Fund of Finland Ltd was granted a 20 million U.S. dollar loan by the International Bank for Reconstruction and Development on October 14, 1970. The loan is for a term of 17 years and bears interest of 7 ½ per cent. This is the Bank's fourth loan to the Industrialization Fund bringing the total lent to U.S. \$ 63 million. The first loan, granted in 1963, amounted to 7 million dollars; the second for 14 million dollars was granted in 1965 and the third loan of 22 million dollars granted in 1969. As a result of this loan and domestic financing arrangements the estimated additional lending capacity of the Industrialization Fund is now about 200 million marks.

Since its reorganization in 1963 the Industrialization Fund has granted 686 loans and other investments totalling 406 million marks to small and medium-sized private Finnish enterprises mainly in the metal, chemical and food processing industries. The share of foreign loans is about 40 per cent.

Enso Gutzeit Oy, Kymin Oy and Oy Tampella Ab have been granted a DM 60 million

loan by a banking consortium headed by Commerzbank AG. The loan period is 10 ½ years starting October 1, 1970 and the rate of interest 8 ½ per cent. The price of issue is 97.5 per cent. The bonds are quoted on the Stock Exchange of Frankfurt o.M., Düsseldorf and Hamburg.

The proceeds of the loan are to be used for financing the Eurocan woodworking industry in Canada owned by these firms.

Domestic bond issues. The Government has announced the 1970 IV issue of 7 ½ per cent bonds totalling 200 million marks, for public subscription. The loan period is 3 years starting October 1, 1970. The bonds are tax-exempt for persons and the undistributed estates of deceased persons over the years 1970—1973. The price of issue is 100 per cent.

The Government has authorized the following private bond issues.

The Industrial Mortgage Bank of Finland Ltd makes an issue of 25 million marks, the Land and Industry Real Estate Bank Ltd an issue of 12 million marks and the Real Estate Bank in Finland Ltd an issue of 13 million. The bonds of each loan are dated November 2, 1970 and will run for a period of 10 years at a rate of 8 per cent. The loans are issued at par and are tax-free over the years 1970—1980.

Kajaani Oy (woodworking industry) has been authorized to make an issue to the value of 10 million marks. The time to maturity is 10 years starting November 1, 1970. The rate of interest is 8 per cent and the loan is issued at par.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor

Esko K. Leinonen

A. Simonen

Ahti Karjalainen

Heikki Valvanne

Absent as Prime Minister

Jaakko Lassila

Timo Helelä

ad int.

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Senior officials

Pertti Tammivuori

P.-E. Österlund

Administration

*Invisible transactions and
capital transfers*

A. Kajantie

Helge Lindström

Organization

Credits

A. Nenonen

K. Eirola

Foreign correspondence

Automatic Data Processing

K. Ignatius

Eino Suomela

Personnel

Internal Audit

Stig Törnroth

Cash

Institute for economic research

Pertti Kukkonen

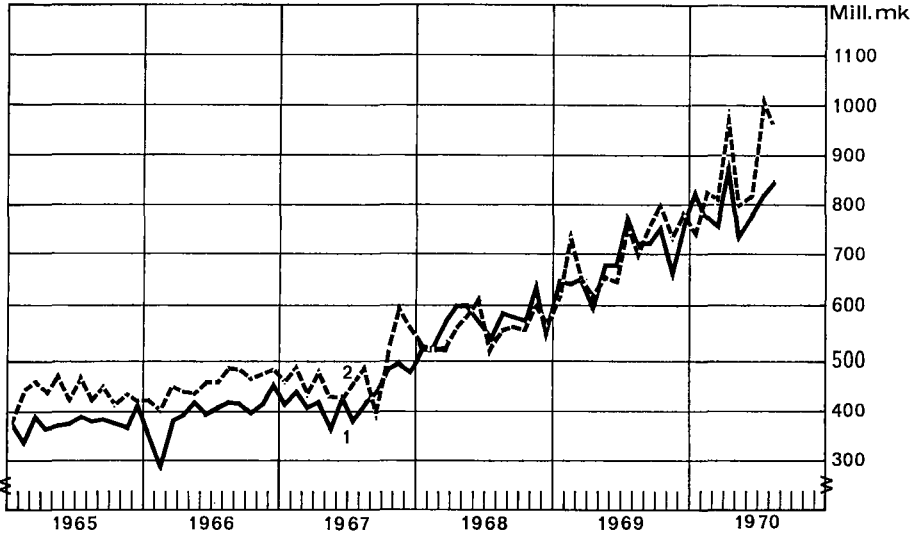
Markku Puntila

Director

Head of department

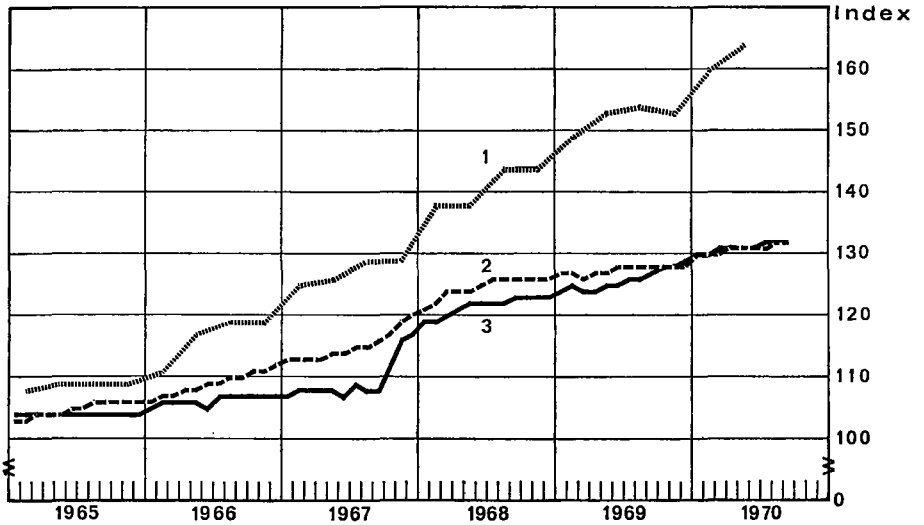
Foreign trade, 1965-1970

1. Exports f.o.b.
 2. Imports c.i.f.
- Seasonally adjusted monthly figures



Prices and wages, 1965-1970

1. Index of salary and wage earnings 1964 = 100, quarterly
2. Cost of living index 1964 = 100, monthly
3. Wholesale price index 1964 = 100, monthly



Production, 1965-1970

1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

