



BANK OF FINLAND

Monthly Bulletin

Finnish direct investment abroad

The role of the chemical industry
in the process of economic growth

Trade agreement

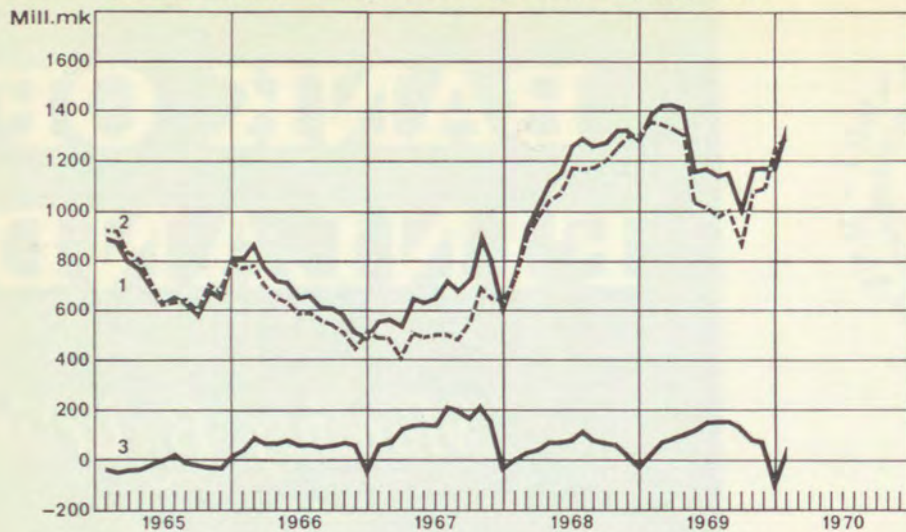
Domestic bond issues

Bank of Finland Institute for Economic
Research

MARCH 1970

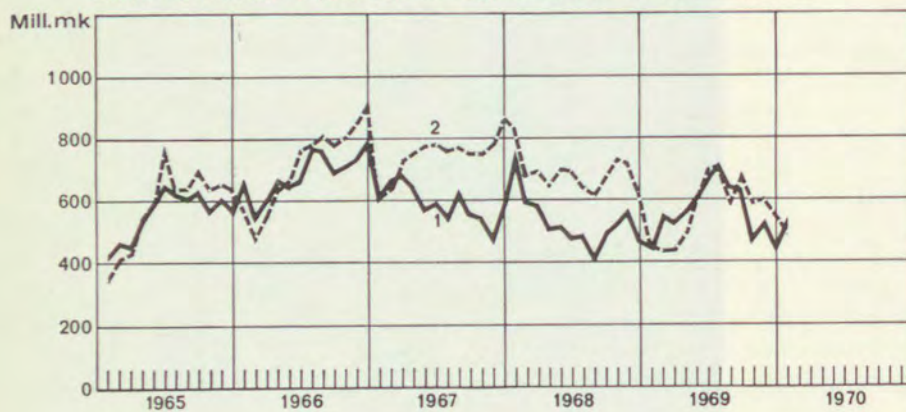
Vol. 44 No. 3

Bank of Finland foreign exchange reserve, 1965-1970



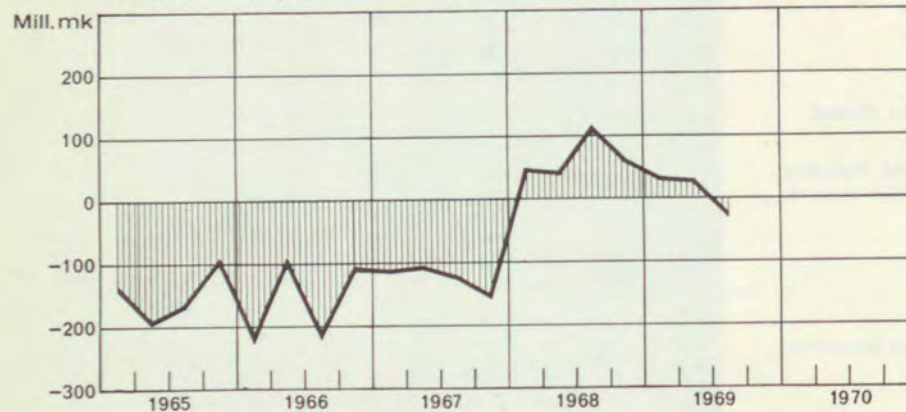
1. Total gold and foreign exchange
2. Gold and convertible currencies
3. Other currencies

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



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

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



Seasonally adjusted quarterly figures

FINNISH DIRECT INVESTMENT ABROAD

Following the international trend of increasing economic integration, Finnish business enterprises over the past years have established a number of subsidiaries abroad. However, the amounts involved have been small compared with the total of the balance of payments.

This survey of recent developments in Finnish investment abroad embraces, in principle, only direct investment as distinct from portfolio investment. The latter type is, however, insignificant in amount due to the foreign exchange regulations in force in Finland. In practical terms, direct investment abroad usually takes the form that a Finnish enterprise either buys the stock of a company already operating abroad or establishes a new company in the foreign country. The further activity and expansion of such a foreign subsidiary can be financed by different means, some of which do not cause an outflow of foreign exchange from Finland and thus are not registered in the foreign exchange statistics used as a basis in this survey. This may occur when expansion is financed by reinvested profits or through loans from foreign capital markets. On the other hand, the figures presented later include additions of capital from the Finnish parent company either in the form of long-term loans or through an increase of the subsidiary's share capital.

At the beginning of 1970, the number of companies abroad in which Finnish enterprises had a minority or majority holding amounted to 341. The breakdown by areas and sectors of Finnish subsidiaries abroad is illustrated in Table 1.

The activities of Finnish subsidiaries abroad are characterized by the fact that less than 14% of the total are manufacturing enterprises, 63% are pure marketing companies while the remainder comprises other services as for instance banking, travel agencies and so on.

TABLE 1. NUMBER OF FINNISH SUBSIDIARIES ABROAD AT THE BEGINNING OF 1970

	Manufacturing enterprises	Marketing and other services	Total
EFTA	19	189	208
EEC	11	67	78
North			
America	4	21	25
Other			
countries	13	17	30
Total	47	294	341

Moreover, it may be observed that over 60 per cent of the foreign subsidiaries have been established within EFTA and that Sweden alone accounts for more than one-third of the establishments. The number of subsidiaries in the Common Market amounts to about 23 per cent while North America accounts for 6 per cent and other, mainly developing countries for roughly 10 per cent of the total. The share of marketing companies is highest in EFTA (94 per cent), considerably lower in the Common Market (83 per cent) and North America (76 per cent), and lowest in the developing countries (59 per cent).

While it is true that most Finnish foreign subsidiaries have been established within the EFTA-region, it is also obvious that the numbers of subsidiaries within the different markets do not give a complete picture of the situation, in particular when substantial differences prevail in the size structure of the enterprises. The figures in Table 2 showing the cumulative flow of investment from Finland during 1960—1969 are based on statistics covering permissions granted by the Bank of Finland for capital exports. Comparing the number of subsidiaries with the volume of investment capital exported shows that while the average investment per foreign subsidiary amounts to about 1 mill. marks, Finnish enterprises in the EFTA-region show a considerably lower average capital

**TABLE 2. FINNISH INVESTMENT ABROAD,
1960—1969**

	Direct investment	Long-term loans	Total	Per cent
	Million marks			
EFTA	48.4	28.9	77.3	24.0
EEC	65.3	18.8	84.1	26.0
North America	83.7	52.6	136.3	42.2
Other countries	17.5	7.6	25.1	7.8
Total	214.9	107.9	322.8	100.0

input than those in North America and the Common Market countries. This pattern reflects the predominance of marketing enterprises with fairly low capital requirements in the EFTA-area, while the manufacturing companies in North America and EEC have necessitated larger capital inputs per firm.

The development of Finnish investment activity abroad has passed through three distinct phases during the sixties as illustrated by Table 3.

During the first phase, covering the years up to 1963, the annual volume averaged 7 mill. marks

TABLE 3. AVERAGE ANNUAL INVESTMENT INCLUDING LONG-TERM LOANS

	EFTA	EEC	North America	Other countries	Total
	Million marks				
1960—1962	3.5	1.7	0.1	1.8	7.1
1963—1967	8.8	8.8	3.9	2.6	24.1
1968—1969	11.4	17.5	58.2	3.1	90.1

of which roughly half was invested in EFTA countries. In the years 1963 to 1967 the annual average amounted to 24 mill. marks of which EFTA and EEC accounted for an equal share of roughly 1/3 each. During the last two years Finnish investment abroad has been exceptionally high reaching an annual average of 90 mill. marks. This is primarily due to the establishment of a large wood-processing complex in Canada. The investment both in the EFTA and EEC regions has also increased but Finnish investment in the developing countries, on the other hand, has grown only marginally and its relative share has been clearly declining.

March 3, 1970

BANK OF FINLAND

Mill. mk

	1969		1970				
	Feb. 28	Dec. 31	Feb. 6	Feb. 13	Feb. 23	Feb. 27	
Assets							
Gold and other foreign assets	1 585.6	1 433.1	1 572.8	1 610.3	1 668.0	1 705.8	
Gold	189.2	189.4	189.4	189.4	189.4	189.4	
Special drawing rights	—	—	88.2	88.2	88.2	88.2	
IMF gold tranche	—	173.3	173.3	173.3	173.3	173.3	
Foreign exchange	1 279.8	905.0	962.0	1 000.8	1 058.6	1 090.9	
Foreign bills	71.2	106.3	100.8	99.5	99.4	104.9	
Foreign bonds	45.4	59.1	59.1	59.1	59.1	59.1	
Claims on domestic banks	603.9	637.1	637.2	518.1	507.7	539.3	
Discounted bills	—	—	544.0	439.1	426.9	467.9	
Rediscounted bills	438.1	550.3	26.9	14.2	11.8	8.7	
Cheque accounts	165.8	86.8	66.3	64.8	69.0	62.7	
Other lending	278.4	317.6	304.8	302.7	312.9	310.8	
Inland bills discounted							
In foreign currency	25.1	7.3	7.3	7.3	7.3	7.3	
In Finnish marks	168.4	191.6	182.2	179.2	179.4	178.9	
Loans	84.9	118.7	115.3	116.2	126.2	124.6	
Other assets	128.8	627.0	521.7	615.5	597.9	614.3	
Finnish bonds	39.3	126.5	90.7	186.2	169.0	186.7	
Finnish coin	17.4	5.5	11.4	11.8	11.5	11.2	
Currency subscription to Finland's quota in the IMF	—	351.7	351.7	351.7	351.7	351.7	
Other claims	72.1	143.3	67.9	65.8	65.7	64.7	
	Total	2 596.7	3 014.8	3 036.5	3 046.6	3 086.5	3 170.2
Liabilities							
Notes in circulation	1 080.3	1 298.4	1 144.3	1 158.8	1 148.6	1 208.9	
Liabilities payable on demand	73.0	123.5	73.7	70.1	160.3	185.5	
Foreign exchange accounts	39.9	81.0	37.7	37.6	38.7	38.0	
Mark accounts of holders abroad	14.2	12.2	16.1	15.8	15.7	16.0	
Cheque accounts							
Treasury	2.7	3.7	1.6	0.3	27.1	18.2	
Post Office Bank	1.4	3.6	0.2	0.5	66.1	78.3	
Private banks	—	10.1	5.8	2.8	—	22.2	
Other	2.9	1.0	1.1	0.9	1.1	1.2	
Other sight liabilities	11.9	11.9	11.2	12.2	11.6	11.6	
Term liabilities	541.5	307.6	435.8	436.9	392.1	390.1	
Foreign	21.4	7.7	7.7	7.7	7.7	7.7	
Domestic	520.1	299.9	428.1	429.2	384.4	382.4	
IMF mark accounts	—	351.7	351.7	351.7	351.7	351.7	
Allocations of special drawing rights	—	—	88.2	88.2	88.2	88.2	
Equalization accounts	398.1	405.6	409.3	406.4	409.8	408.6	
Bank's own funds	503.8	528.0	533.5	534.5	535.8	537.2	
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	22.7	—	27.7	27.7	27.7	27.7	
Earnings less expenses (Dec. 31, Net profit)	8.4	55.3	5.5	6.5	7.8	9.2	
	Total	2 596.7	3 014.8	3 036.5	3 046.6	3 086.5	3 170.2

BANK OF FINLAND

Mill. mk

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									
Feb.	1 468.9	45.4	1 423.5	116.6	30.1	1 510.0	—362.6	2.7	—365.3
March	1 466.6	41.3	1 425.3	130.4	30.6	1 525.1	—364.6	1.9	—366.5
April	1 454.5	42.9	1 411.6	145.2	27.7	1 529.1	—367.4	9.7	—377.1
May	1 231.0	61.3	1 169.7	149.3	27.4	1 291.6	—347.6	0.5	—348.1
June	1 236.2	62.7	1 173.5	143.9	23.1	1 294.3	—281.5	5.3	—286.8
July	1 215.4	68.3	1 147.1	144.0	20.9	1 270.2	—281.2	18.8	—300.0
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

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1969			Net holdings, January 30, 1970			Change
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	January
Gold	189	—	189	189	—	189	—
Special drawing rights	—	—	—	88	—	88	+ 88
IMF gold tranche	173	—	173	173	—	173	—
Convertible currencies	893	— 98	795	845	— 103	742	— 53
Other currencies	— 80	+ 5	— 75	42	4	46	+ 121
Total	1 175	— 93	1 082	1 337	— 99	1 238	+ 156

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											
Feb.	—	438.1	165.9	124.1	14.3	465.6	168.4	179.6	32.8	315.2	1 080.3
March	—	439.8	164.1	124.1	15.2	464.6	163.5	179.8	32.1	311.2	1 064.0
April	—	491.0	168.5	124.1	20.1	515.3	127.5	180.9	29.0	279.4	1 099.4
May	—	609.7	152.8	124.1	13.7	624.7	155.6	186.5	29.0	313.1	1 150.0
June	—	699.6	147.3	124.1	37.6	685.2	159.9	187.1	29.1	317.9	1 177.6
July	—	714.1	120.2	124.1	33.2	677.0	169.7	185.8	26.7	328.8	1 119.8
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

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

SELLING RATES FOR FOREIGN EXCHANGE

Mk

February 27, 1970

New York	1 \$	4.184	Frankfurt o. M.	100 DM	113.44	Vienna	100 S	16.20
Montreal	1 \$	3.900	Amsterdam	100 Fl	115.02	Lisbon	100 Esc	14.77
London	1 £	10.070	Brussels	100 Fr	8.425	Reykjavik	100 Kr	4.77
Stockholm	100 Kr	80.45	Zurich	100 Fr	97.26	Madrid	100 Pta	6.03
Oslo	100 Kr	58.59	Paris	100 FF	75.45	Moscow ¹	1 Rbl	4.6799
Copenhagen	100 Kr	55.82	Rome	100 Lit	0.6651	Clearing dollars ²	1 CI \$	4.212

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

DEPOSITS BY THE PUBLIC

Mill. mk

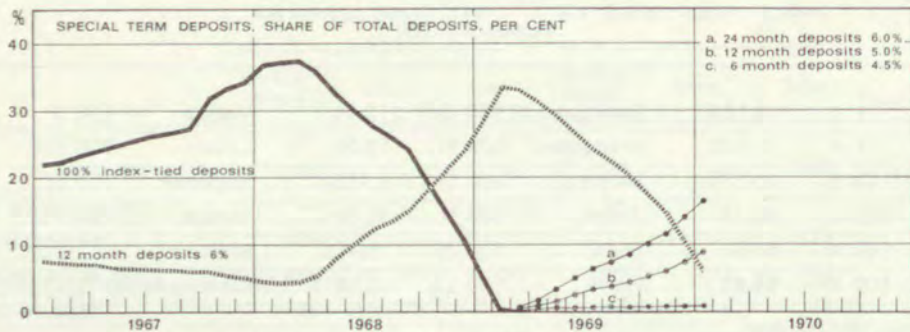
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1961	577.9	720.8	143.8	2 117.7	2 079.6	1 229.6	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 281.2	2 210.8	1 314.7	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 451.6	2 336.6	1 437.5	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 834.0	2 614.7	1 664.1	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	649.8	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	832.7	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	1 042.8	1 895.4	520.8	5 236.3	4 340.9	3 021.6	1 116.0	521.6	14 236.6	16 652.8

1969*

Jan.	869.0	1 091.8	434.8	4 595.2	3 997.8	2 719.3	1 037.8	470.5	12 821.0	14 347.6
Feb.	894.5	1 109.7	461.3	4 614.8	4 031.8	2 758.9	1 051.0	475.5	12 932.3	14 503.3
March	923.0	1 163.0	426.7	4 652.9	4 045.0	2 782.6	1 058.5	478.2	13 017.6	14 607.3
April	893.6	1 139.5	421.2	4 706.8	4 071.2	2 809.4	1 059.0	479.6	13 126.4	14 687.1
May	912.3	1 161.8	421.0	4 779.0	4 115.1	2 828.1	1 054.0	476.8	13 253.4	14 836.2
June	919.6	1 172.9	466.6	4 782.4	4 084.9	2 797.3	1 049.5	474.2	13 188.6	14 828.1
July	910.1	1 160.0	404.0	4 802.3	4 087.1	2 815.4	1 052.4	474.8	13 232.2	14 796.2
Aug.	873.5	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.	941.7	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.	971.0	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.	923.7	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.	1 042.8	1 895.4	520.8	5 236.3	4 340.9	3 021.6	1 116.0	521.6	14 236.6	16 652.8

1970

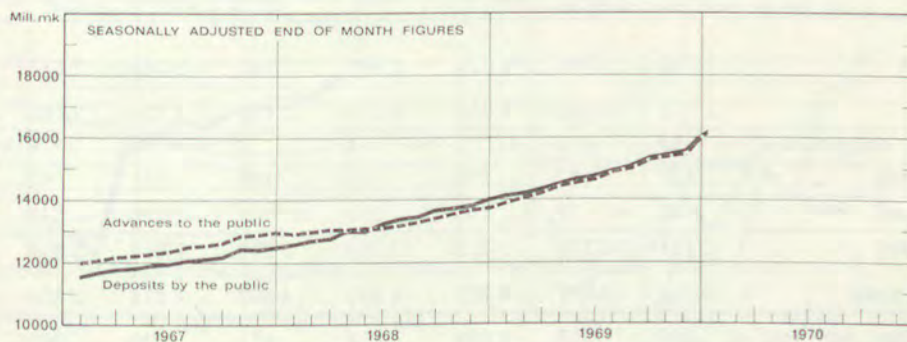
Jan.	1 060.3	1 324.0	568.1	5 299.1	4 389.7	3 068.9	1 139.0	528.6	14 425.3	16 317.4
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ADVANCES TO THE PUBLIC—MONEY SUPPLY

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
1961	3 192.0	1 817.6	436.8	1 318.7	515.2	6 928.2	352.1	7 280.3	1 646.1
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	3 803.0	1 049.1	2 925.9	1 290.4	15 379.5	581.1	15 960.6	3 140.9
1969*									
Jan.	5 869.7	3 450.3	950.6	2 609.6	1 051.4	13 430.2	501.4	13 931.6	2 495.5
Feb.	5 928.1	3 474.7	951.5	2 624.7	1 045.5	13 479.2	545.3	14 024.5	2 602.3
March	5 987.1	3 491.0	958.5	2 637.8	1 106.1	13 638.4	542.1	14 180.5	2 552.9
April	6 089.9	3 515.4	960.5	2 661.8	1 112.9	13 767.8	572.7	14 340.5	2 612.2
May	6 194.9	3 550.1	969.9	2 691.2	1 142.8	13 971.0	577.9	14 548.9	2 673.4
June	6 300.1	3 561.1	978.9	2 713.9	1 178.9	14 139.9	593.0	14 732.9	2 730.9
July	6 343.5	3 595.4	988.4	2 743.4	1 191.8	14 278.9	583.6	14 862.5	2 634.6
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	3 803.0	1 049.1	2 925.9	1 290.4	15 379.5	581.1	15 960.6	3 140.9
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	3 164.2



STATE FINANCES

Mill. mk

Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1968	1969		1968	1969
Income and property tax (net)	2 170	2 305	Wages, salaries, pensions etc.	1 358	1 501
Gross receipts	(4 832)	(5 382)	Repair and maintenance	227	228
Refunds & local authorities	(-2 662)	(-3 077)	Other consumption expenditure	605	593
Other taxes on income and property	39	53	Total consumption expenditure	2 190	2 322
Employers' child allowance payments	489	542	State aid to local authorities	1 157	1 214
Sales tax	1 873	2 107	State aid to industries	817	966
Revenue from Alcohol Monopoly	456	467	of which: agric. price subsidies	(623)	(724)
Customs duties & import charges	354	358	Child allowances	302	281
Export levy	496	129	Share in national pensions and health insurance	373	376
Excise duty on tobacco	382	405	Other transfer expenditure	760	862
» » on liquid fuel	476	515	Total transfer expenditure	3 409	3 699
Other excise duties	106	217	Machinery and equipment	249	239
Tax on autom. and motor cycles	133	267	House construction	243	248
Stamp duties	166	181	Land and waterway construction	726	679
Special diesel etc. vehicles tax	38	38	Total real investment	1 218	1 166
Other taxes and similar revenue	52	61	Interest on State debt	190	214
Total taxes	7 230	7 645	Index compensations	28	34
Miscellaneous revenue	405	437	Net deficit of State enterprises	83	81
Interest, dividends etc.	122	134	Other expenditure	1	4
Sales and depreciation of property	59	65	Total other expenditure	302	333
Redemptions of loans granted	132	149	Increase in inventories	— 6	— 12
Total revenue	7 948	8 430	Lending	536	616
Foreign borrowing	165	212	Other financial investment	171	133
Domestic borrowing	567	578	Total expenditure	7 820	8 257
Total borrowing	732	790	Redemption of foreign loans	99	144
Deficit (+) or surplus (-)	-263	-264	Redemption of domestic loans	498	555
			Total redemptions	597	699
Total	8 417	8 956	Total	8 417	8 956

State debt	1966	1967	1968	1969				
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.	Dec.
Foreign debt	1 340	1 844	2 074	1 982	1 963	2 048	2 017	1 656
Loans	2 075	2 013	2 160	2 133	2 134	2 131	2 188	2 316
Compensatory obligations	96	5	5	4	4	4	4	4
Short-term credit	101	167	320	150	109	101	98	158
Cash debt (net)	— 85	— 12	— 256	— 234	— 203	— 370	— 346	..
Domestic debt	2 187	2 173	2 229	2 053	2 044	1 866	1 944	..
Total State debt	3 527	4 017	4 303	4 035	4 007	3 914	3 961	..
Total debt, mill. \$	1 094	955	1 028	958	951	930	941	..

FOREIGN TRADE

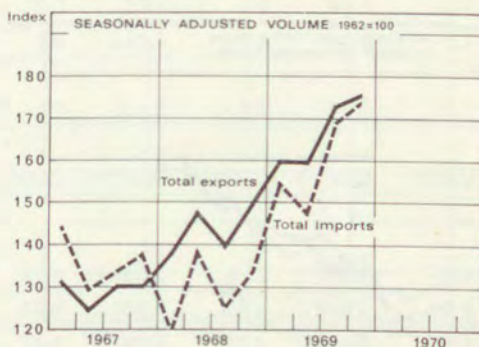
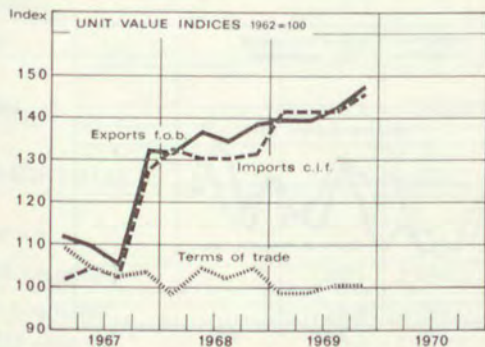
Mill. mk

Value mill. mk

Indices of exports and imports 1962 = 100

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*	8 335.6	8 494.6	-159.0
1968			
Nov.	682.4	609.4	+ 73.0
Dec.	617.3	687.4	- 70.1
1969*			
Jan.	591.4	631.7	- 40.3
Feb.	491.5	667.6	-176.1
March	623.8	639.6	- 15.8
April	555.8	615.7	- 59.9
May	753.7	740.5	+ 13.2
June	704.4	645.8	+ 58.6
July	742.3	648.5	+ 93.8
Aug.	704.3	588.8	+115.5
Sept.	733.0	782.1	- 49.1
Oct.	884.9	865.0	+ 19.9
Nov.	714.4	747.3	- 32.9
Dec.	836.1	922.0	- 85.9

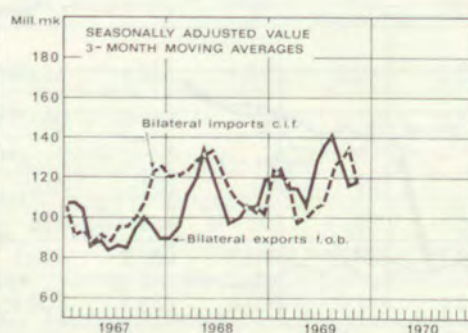
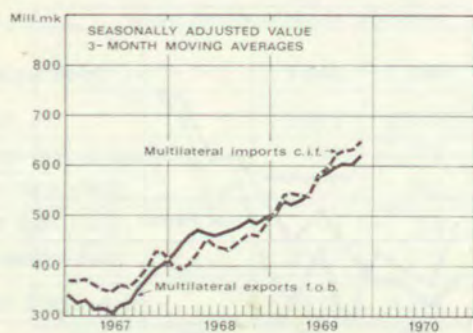
Period	Indices of exports and imports 1962 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1965	114	129	113	104	109
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969*	164	153	144	141	102
1966					
Oct.-Dec.	141	150	114	104	110
1967					
Jan.-Mar.	110	134	112	102	110
Apr.-June	130	135	110	105	105
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.	138	139	140	142	99
Apr.-June	162	143	140	142	99
July-Sept.	172	145	143	142	101
Oct.-Dec.	187	177	148	146	101



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	361.7	72.5	1 400.4	3 373.9	2 002.2	1 124.9	3 683.1	948.3	2 229.4	1 633.8
1968*										
Nov.	15.0	5.6	123.4	272.6	182.0	83.8	266.4	84.7	138.0	120.3
Dec.	50.5	2.1	101.7	247.7	148.4	66.9	317.8	72.3	176.4	120.9
1969*										
Jan.	46.3	2.4	91.9	257.8	126.8	66.2	259.0	111.9	138.6	122.2
Feb.	14.3	2.8	53.1	225.7	123.4	72.2	251.4	108.6	198.7	108.9
March	56.3	1.0	68.3	286.2	116.7	95.3	247.3	51.9	201.0	139.4
April	15.3	2.4	59.5	267.5	124.5	86.6	243.6	51.0	184.1	137.0
May	26.6	6.7	125.0	300.1	208.0	87.3	321.4	63.8	217.2	138.1
June	27.3	5.5	133.3	260.5	183.1	94.7	290.2	53.3	191.4	110.9
July	17.6	10.3	155.3	268.9	216.3	73.9	302.7	65.3	160.9	119.6
Aug.	21.9	9.9	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.	60.3	5.3	121.4	301.8	247.2	100.1	433.7	71.9	234.9	181.5



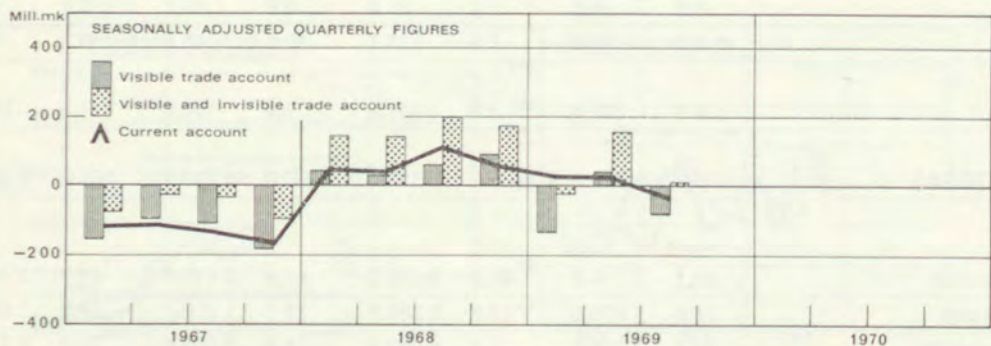
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—December				January—December			
	1968		1969		1968		1969	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	67.5	4 638.8	68.5	5 709.9	69.6	4 671.9	73.2	6 217.8
Austria	0.5	37.7	0.6	48.8	1.0	67.6	1.2	98.4
Belgium-Luxembourg	2.4	166.2	2.5	204.7	2.1	139.7	2.0	167.3
Denmark	3.7	251.6	4.0	331.9	3.5	237.5	3.4	294.5
France	4.0	275.9	4.2	348.1	3.6	243.9	3.5	300.3
Federal Republic of Germany	10.5	721.9	10.0	836.0	15.4	1 033.8	16.6	1 410.0
Italy	3.0	202.9	2.8	231.9	2.2	144.0	2.1	174.8
Netherlands	4.6	318.1	4.4	366.2	3.6	243.9	3.7	316.6
Norway	2.6	178.8	2.3	197.8	2.4	160.6	3.0	251.2
Portugal	0.2	15.7	0.3	26.3	0.5	33.3	0.6	51.3
Spain	0.9	58.4	1.0	79.4	0.5	29.7	0.3	27.2
Sweden	10.9	751.3	13.8	1 155.3	15.9	1 065.6	16.8	1 433.0
Switzerland	1.5	99.2	2.0	167.6	3.3	223.0	3.3	280.4
United Kingdom	20.7	1 420.5	18.5	1 540.5	15.2	1 023.0	16.4	1 391.0
Other	2.0	140.6	2.1	175.4	0.4	26.3	0.3	21.8
OECD countries outside Europe	6.3	435.8	6.9	575.5	5.0	334.9	6.0	510.0
Canada	0.2	16.4	0.6	55.1	0.2	12.9	0.2	21.4
Japan	0.3	17.9	0.3	22.2	1.3	88.5	1.7	141.6
United States	5.8	401.5	6.0	498.2	3.5	233.5	4.1	347.0
Eastern Bloc	19.2	1 315.4	17.5	1 460.5	21.2	1 419.6	16.5	1 404.2
Czechoslovakia	0.5	32.8	0.4	38.8	0.7	45.6	0.5	48.4
Democratic Republic of Germany	0.6	44.1	0.6	49.3	0.9	59.0	0.7	58.7
People's Republic of China	0.7	48.3	0.3	23.9	0.4	28.7	0.4	30.6
Poland	1.2	83.2	1.5	127.2	1.6	107.7	1.4	122.4
Soviet Union	15.5	1 062.1	14.0	1 164.4	16.9	1 134.9	12.8	1 088.2
Other	0.7	44.9	0.7	56.9	0.7	43.7	0.7	55.9
Latin America	2.9	201.9	2.9	238.2	2.6	176.0	2.5	207.9
Argentina	0.9	64.6	0.7	59.8	0.2	10.7	0.2	14.8
Brazil	0.7	46.9	0.5	36.9	1.0	68.3	0.9	79.0
Colombia	0.3	19.2	0.2	20.4	0.8	53.5	0.7	58.8
Other	1.0	71.2	1.5	121.1	0.6	43.5	0.7	55.3
Other	4.1	282.3	4.2	351.5	1.6	108.5	1.8	154.7
GRAND TOTAL	100.0	6 874.2	100.0	8 335.6	100.0	6 710.9	100.0	8 494.6
of which								
EFTA countries	40.1	2 754.8	41.6	3 468.2	41.9	2 810.5	44.7	3 799.9
EEC countries	24.5	1 685.0	23.8	1 986.9	26.9	1 805.1	27.9	2 369.1
OECD countries	73.8	5 074.6	75.4	6 285.4	74.6	5 006.8	79.2	6 727.8

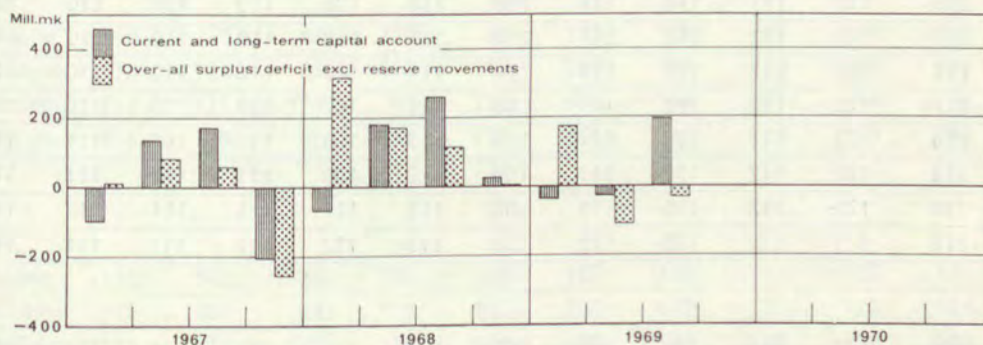
BALANCE OF PAYMENTS

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
1963	3 658	3 878	-220	+243	-100	+74	- 3	- 70	+ 6	- 67
1964	4 109	4 831	-722	+330	-115	+45	-462	-101	- 0	-563
1965	4 542	5 287	-745	+341	-108	+35	-477	-131	+ 1	-607
1966	4 784	5 542	-758	+356	- 96	+25	-473	-150	-10	-633
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
Jan.-Mar										
1966	879	1 247	-368	+ 72	- 23	+11	-308	- 38	- 1	-347
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
Apr.-June										
1966	1 247	1 397	-150	+113	- 31	- 6	- 74	- 36	- 4	-114
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
July-Sept.										
1966	1 275	1 359	- 84	+ 73	- 17	+ 4	- 24	- 40	- 1	- 65
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.										
1966	1 383	1 539	-156	+ 98	- 25	+16	- 67	- 36	- 4	-107
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



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
+ 513	-164	..	-23	+326	+259	-109	- 22	- 16	+112	-112	..
+ 762	-228	- 31	-11	+492	- 71	+112	+ 55	+ 83	+179	-179	..
+ 434	-273	- 66	+ 3	+ 98	-509	+146	+ 34	+ 46	-283	+202	+81
+ 518	-271	- 61	-32	+154	-479	+ 53	-114	+185	-355	+321	+34
+ 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
+ 89	- 60	+ 2	-15	+ 16	-331	+ 43	+243	+ 12	- 33	+ 38	- 5
+ 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
+ 116	- 52	- 36	+ 3	+ 31	- 83	+ 19	-114	+ 64	-114	+121	- 7
+ 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
+ 111	- 67	- 9	+20	+ 55	- 10	- 3	-121	+ 43	- 91	+ 45	+ 46
+ 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
+ 202	- 92	- 18	-40	+ 52	- 55	- 6	-122	+ 66	-117	+117	± 0
+ 152	-186	- 34	+ 0	- 68	-205	- 13	-159	+122	-255	+316	-61
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+11

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

¹ Including Direct investment net.

PRICE INDICES

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 pro- cessed goods	More elab- orately 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												
April	282	286	265	278	286	285	313	269	271	129	139	117
May	282	286	267	280	286	283	309	274	271	130	139	117
June	283	286	270	280	290	284	308	274	273	130	139	117
July	285	288	271	283	291	285	311	277	273	130	139	118
Aug.	285	288	273	283	292	286	312	278	273	131	139	119
Sept.	287	290	275	287	294	285	314	282	274	132	139	122
Oct.	289	291	280	289	301	285	316	283	276	133	139	122
Nov.	290	293	281	291	301	286	319	285	276	133	139	123
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

Period	Consumer prices 1967 = 100											
	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Total	Food	Bever- ages and tobacco	Clothing and foot- wear	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												
April	216	170	111	115	111	108	111	109	110	109	110	111
May	216	170	111	114	111	108	111	109	110	109	110	111
June	217	170	112	115	111	108	111	108	110	110	110	112
July	217	170	112	115	111	109	111	107	110	110	110	112
Aug.	217	170	112	116	111	108	112	107	110	110	110	112
Sept.	218	171	112	116	111	109	112	108	110	109	111	112
Oct.	218	171	112	115	111	109	113	109	111	110	111	112
Nov.	218	171	112	115	111	109	113	111	111	111	111	112
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

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*	164	152	143	156	150	160	149	150	150	150
1968										
Jan.-Mar.	146	137	129	143	137	146	134	136	135	138
Apr.-June	150	139	135	145	140	148	138	140	140	138
July-Sept.	153	144	138	149	144	152	143	144	144	144
Oct.-Dec.	157	145	141	149	144	152	142	144	144	144
1969*										
Jan.-Mar.	163	151	141	155	150	159	147	149	148	150
Apr.-June	160	152	144	156	150	160	149	150	150	150
July-Sept.	167	153	144	156	150	160	150	151	151	151
Oct.-Dec.	167	153	144	156	150	160	150	151	151	151

PRODUCTION

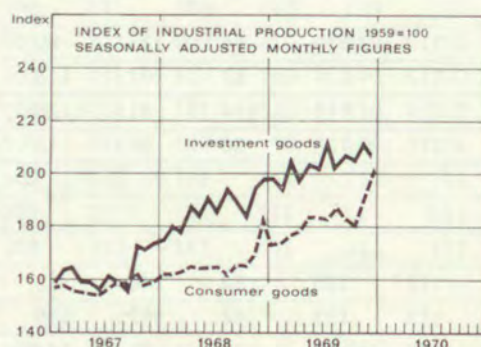
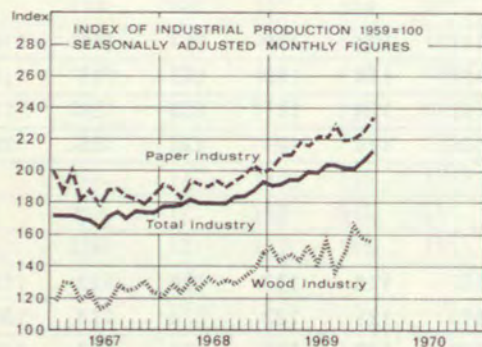
Volume indices of production 1964 = 100

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
1966	107	112	96	87	113	106	109	110	109	110	109
1967	110	115	96	89	117	106	109	113	114	114	114
1968	113	122	98	92	109	107	113	112	118	120	119
1968											
Jan.-Mar.	110	126	64	126	80	112	107	102	117	118	118
Apr.-June	113	121	87	107	118	109	114	110	118	119	118
July-Sept.	114	111	174	41	125	102	114	111	119	120	118
Oct.-Dec.	115	129	66	96	113	106	117	123	120	122	120
1969											
Jan.-Mar.	118	135	64	146	85	107	116	113	122	122	123
Apr.-June	119	131	84	112	105	103	121	122	123	123	124
July-Sept.	122	123	172	45	141	100	122	122	124	124	124

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	153	121	191	214	219	163	166
1967	172	163	180	158	160	125	187	233	224	168	172
1968*	182	190	189	166	164	132	194	247	219	189	183
1969*	200	205	208	183	174	152	220	254	248	205	201
1968*											
May	192	201	197	180	173	152	200	262	227	200	181
June	159	171	160	154	159	114	152	196	225	166	180
July	134	94	147	120	173	112	189	197	176	96	181
Aug.	180	179	183	171	172	119	195	244	234	178	181
Sept.	187	195	194	170	165	123	204	259	246	195	184
Oct.	206	213	212	190	211	138	217	270	239	215	184
Nov.	199	212	208	176	188	134	210	260	223	212	188
Dec.	181	190	189	159	139	130	180	252	216	191	194
1969*											
Jan.	201	218	209	179	152	159	205	269	229	215	192
Feb.	191	206	200	169	142	150	207	248	207	206	193
March	212	239	220	187	157	169	231	266	244	230	196
April	197	202	203	184	165	165	210	253	236	203	196
May	205	207	209	193	179	174	210	255	261	211	201
June	185	192	186	181	175	131	191	219	245	193	200
July	152	110	166	133	184	138	217	209	232	110	205
Aug.	198	182	204	190	182	122	235	240	255	187	205
Sept.	211	223	217	194	181	147	232	258	266	221	203
Oct.	227	236	235	207	211	170	241	263	276	235	203
Nov.	216	226	226	191	204	150	232	278	257	224	207
Dec.	209	216	219	186	161	149	213	289	265	221	213



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	Commercial timber fellings 1 000 piled cu. m	Retailers' sales volume index 1954 = 100	Wholesalers' sales volume index 1954 = 100	Indicator of traffic activity 1964 = 100
1966	2 215	2 180	1 904	1.6	46 507	164	179	103
1967	2 209	2 146	1 845	2.9	44 963	168	190	103
1968	2 199	2 110	1 762	4.0	47 733	170	177	109
1968								
July	2 343	2 258	1 553	3.6	955	165	164	106
Aug.	2 272	2 200	1 683	3.2	1 751	172	185	103
Sept.	2 193	2 122	1 773	3.2	2 279	169	182	101
Oct.	2 173	2 103	1 804	3.2	3 353	187	197	118
Nov.	2 164	2 086	1 824	3.6	3 880	176	180	112
Dec.	2 174	2 087	1 824	4.0	5 541	222	201	104
1969								
Jan.	2 142	2 044	1 782	4.6	5 151	..	..	110
Feb.	2 135	2 042	1 757	4.4	5 405	..	..	105
March	2 134	2 047	1 751	4.1	5 349	..	..	115
April	2 138	2 056	1 781	3.8	4 336	..	..	112
May	2 175	2 113	1 831	2.9	11 075	..	..	111
June	2 306	2 253	1 772	2.3	1 937	..	..	117
July	2 343	2 292	1 588	2.2	1 007	..	..	119
Aug.	2 304	2 257	1 704	2.0	1 886	..	..	121
Sept.	2 208	2 169	1 783	1.8	2 778	..	..	124
Oct.	2 195	2 155	1 794	1.8	3 906	..	..	130
Nov.	2 191	2 145	1 792	2.1	4 171	..	..	117

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											
1966	36.70	15.98	3.65	11.56	3.29	26.91	11.35	2.84	8.39	3.01	36.19
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	7.64	2.86	34.09
1968*											
Jan.-Mar.	4.34	1.72	0.40	1.57	0.35	4.85	2.19	0.24	1.84	0.41	29.47
Apr.-June	8.87	3.80	1.41	2.54	0.37	6.16	2.54	0.51	1.88	0.82	33.70
July-Sept.	9.40	4.31	0.71	2.78	1.04	7.65	3.17	0.89	1.88	1.07	34.29
Oct.-Dec.	8.97	4.17	0.43	2.67	1.30	7.78	3.82	0.94	2.04	0.56	34.09
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	5.56	2.42	0.38	1.64	0.82	37.45
July-Sept.	11.78	4.94	0.86	4.62	0.75	8.52	3.31	0.83	2.56	1.20	38.85

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 Savings 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 Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin). *Commercial timber fellings* compiled by the Ministry of Communications and Public Works. 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 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, 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 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6), and Finnish Farmers' Party 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 (1968, in million marks). Gross domestic product at factor cost by industrial origin: agriculture 2 635 (9%), forestry and fishing 1 947 (7%), manufacturing 8 941 (30%), construction 2 748 (9%), transport and communication 2 225 (7%), commerce, banking and insurance 3 724 (12%), public administration 1 418 (5%), other services 6 211 (21%), total 29 849. Index of real domestic product 113 (1964 = 100).

FOREST RESOURCES (1960—1968): The growing stock comprised 1 448 million of solid cu. m incl. bark (51 139 million cu. ft), of which pine 43% and spruce 38%, the rest 19% being broad-leaf-trees, chiefly birch. Of the growing stock 16 364 million cu. ft, 47% 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 1968 calculated according to the use of wood was 48 million cu. m excl. bark (1 655 million cu. ft).

AGRICULTURE (1960): Cultivated land 2.6 million hectares. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 100 for 1968 (1964 = 100). Measure of self-sufficiency in bread cereals 81% in the crop year 1967/68.

INDUSTRY (1966): Gross value of industrial production 20 900 mill. marks, number of workers 356 100, salaried employees 84 200, motive power (1966) 4.2 mill. kW. Index of industrial production 171 for 1967 (1959 = 100).

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

MERCHANT FLEET (28. 2. 1970): Steamers 57 (66 927 gross reg. tons), motor vessels 385 (583 181 gross reg. tons), tankers 52 (587 124 gross reg. tons) general cargos 12 (1 515 gross reg. tons). Total 506 (1 238 747 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1968): Passenger cars 580 700, lorries and vans 92 600, buses 7 700, others 4 400. Total 685 400.

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 marka). 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 4½%, 12 month deposits 5%, 24 month deposits 6%; highest lending rate 10%.

THE ROLE OF THE CHEMICAL INDUSTRY IN THE PROCESS OF ECONOMIC GROWTH

by J. Larinkari, D. Sc. (Techn.)

The Federation of Finnish Chemical Industries

GENERAL FEATURES

The chemical industry has grown rapidly throughout the world. Because a great number of chemical factories are of recent construction many of them are modern, capital-intensive, and with a high degree of automation. The leading chemical industry countries enjoy full employment and are even having to import foreign labour. The chemical industry has been able to absorb wage increases through increased productivity. The profit margin has usually been sufficient to cover investment expenses. The share of self-financing has often been high. The tax burden and the interest on capital have generally been increasing in this sector of manufacturing.

The history of the chemical industry consists simply in the application of laboratory discoveries to manufacturing. However, the development of the chemical industry is to a great extent dependent on developments in other fields. Chemical reactions requiring special conditions have been enabled by the achievements in metallurgy and electronics. Technical innovations which are now expected to be long-lasting may change quickly as a result of new discoveries. Thus scientific research is of vital importance for this industry.

Certain general international features have been noticeable in the recent development of the chemical industry:

- production units have increased in size
- the nature of sea transport has changed
- petrochemical factories show the tendency to be located in the vicinity of raw material sources
- new plants are built on economically favourable sites; attention is thereby paid to the supply

of inexpensive raw materials and good transport facilities

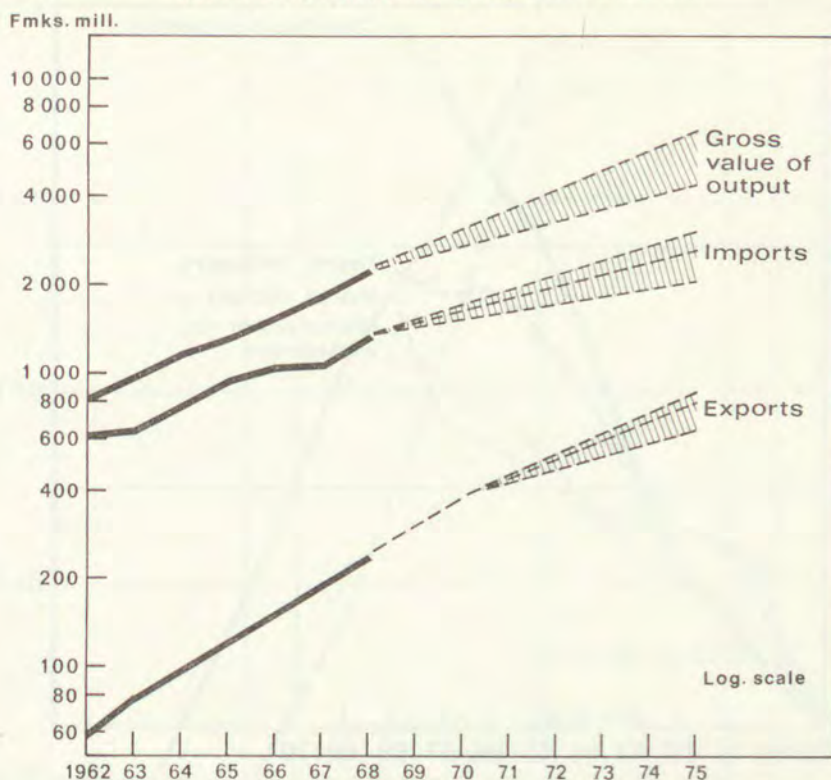
— world trade has accelerated due to the reductions of customs tariffs.

The growth of the chemical industry has been faster than that of gross domestic product. The chemical industry is thus gaining in significance. Its importance is increasing also because of the increasing use of some chemical products not greatly needed before. Natural products will be replaced by chemical products, which will result in substantial changes in the production process and in their quality and application of the products. The structure of the chemical industry is likely to undergo changes because the growth rate of production differs between various products. The consumption of the products of organic chemistry, especially of plastic, synthetic rubber and fibres, has risen sharply in the last few years.

The entrepreneurs in the chemical industry have taken advantage of the expanding market. As a result greater production units have been built which have smaller maintenance costs and require less capital per unit of output. Integration between the enterprises has therefore been increasing in the form of amalgamations, mergers etc. The purpose has been to secure for the companies a sound financial standing and economies of scale.

The sources of raw materials have also changed. Until quite recently local raw materials were mainly used and thus chemicals were prepared from different raw materials which soon came to be in short supply because of the heavy demand. At the same time new raw materials have appeared on the market, the prices of which are almost the same in every country. As a result of the emergence of the petrochemical industry manufacturers of various products have the

CHART 1. GROSS VALUE OF THE OUTPUT OF THE CHEMICAL INDUSTRY (ISIC 35) AND CORRESPONDING IMPORTS AND EXPORTS



same type of production units using the same raw material, and the yield, quality and amount of the product are the same. As the protective duties have been removed the chemical industry has now to do without any special support. In other words the competition has intensified.

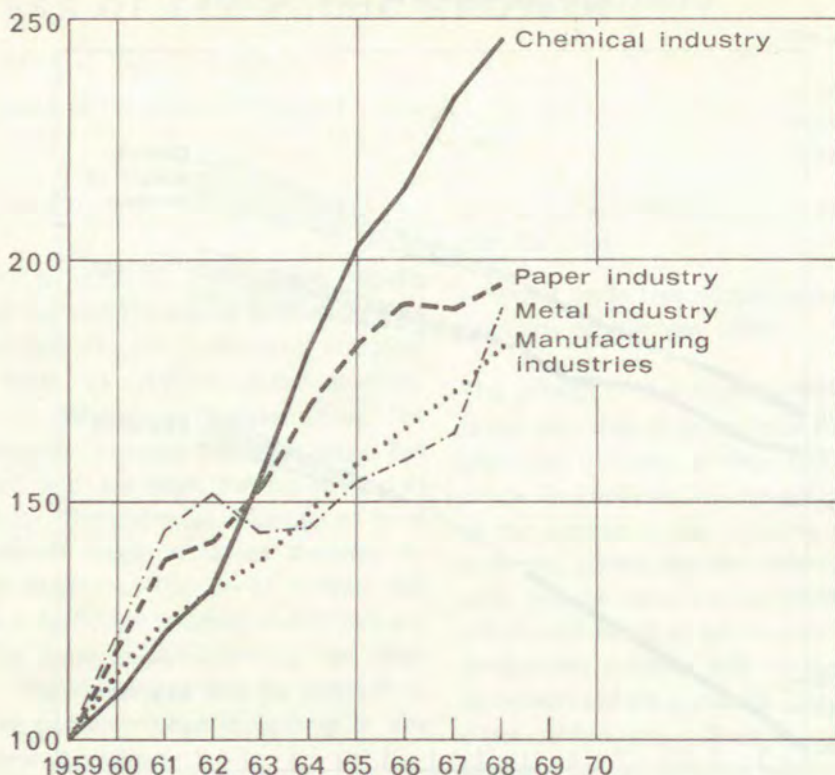
THE FINNISH CHEMICAL INDUSTRY

Previously the chemical industry consisted of factories producing inorganic chemicals, fertilizers and biocides, synthetic resins, plastic materials and artificial fibres, paints and lacquers, medicines, toiletry articles and detergents, explosives, glues and adhesives, photographic products, matches etc. According to the latest international classification of industrial sectors (ISIC 35) the chemical industry now includes also oil refineries, manufacture of miscellaneous products of petroleum, lubricating oils, roofing materials, asphalt, rubber products and plastic

products. Chart 1 depicts graphically the value of the production covered by the new ISIC classification in 1962—1968. It also displays the imports and exports of the chemical products included in this category. The annual growth of the chemical industry has during this period been 17.6 per cent in production, 13.8 per cent in imports and 26.2 per cent in exports. This has been accompanied by a volume increase of 10.8 per cent in the per capita consumption of chemical products.

The growth of the Finnish chemical industry in comparison with other fields of manufacturing has been surprisingly fast. Chart 2 shows the volume indices of the whole manufacturing industry, the metal industry, the paper industry and the chemical industry in 1959—1969. The flowering of the chemical industry took place in the 1960's. The plants established in 1962 and subsequently have especially contributed to the expansion of the chemical industry. As the basic chemical industry has now been built

CHART 2. VOLUME INDICES OF PRODUCTION (1959 = 100)



it is time to increase the degree of processing of the products.

The latest study made by the OECD on the chemical industry according to its definition shows that the annual volume growth of this industry has been 4.9 per cent in Europe and 5.7 per cent in the United States but as much as 13.9 per cent in Japan in 1963—1968. Finland compares favourably even with this group for the corresponding figure for our country is 14.3 per cent. However, it is rather obvious that the growth rate will be lower in the next few years. A new vigorous growth period can, however, be expected to set in within two or three years from now. The growth curves of the volume of production are shown in Chart 3.

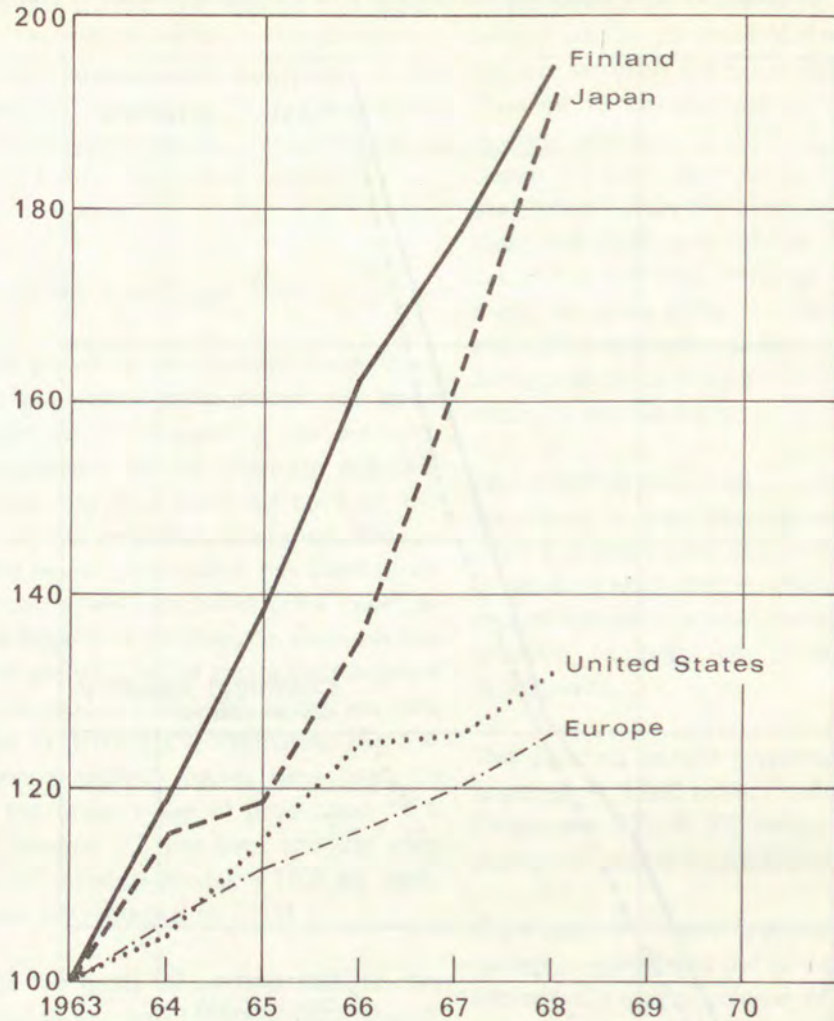
There has been a considerable change in the structure of the chemical industry during the last decade. This is a result of the differences in the growth rate between the various sectors of the chemical industry. Chart 4 displays the

rate of growth of these sectors in Western Europe. The production of inorganic chemicals has increased slowly whereas that of organic chemicals and plastic materials has expanded very quickly. The growth curve of the Finnish chemical industry (see Chart 3) has been in line with the latter although the expansion has mainly taken place in inorganic chemicals. The production of organic chemicals and plastic materials is still almost non-existent in Finland.

The expansion of the Finnish chemical industry effected in the last few years provides a foundation for its further growth. The following capacity figures reflect this development:

- the annual capacity of oil refining is 9 millions tons
- the production of sulphuric acid will reach the limit of 1 million tons annually in the near future
- the annual production capacity of ammonia is 250 000 tons

CHART 3. VOLUME INDICES OF PRODUCTION OF THE CHEMICAL INDUSTRY (1963 = 100)



— the production capacity of chlorine is being expanded to approximately 180 000 tons annually

— the production of sulphur is about 130 000 tons a year

— the annual phosphoric acid manufacturing has been raised to approximately 120 000 tons, calculated in P_2O_5

— the annual production of titanium dioxide amounts roughly to 50 000 tons

— products such as chromium, zinc, cobalt, cadmium, nickel and copper can be used for making chemical products which can be processed further; this means that the domestic raw material base has expanded.

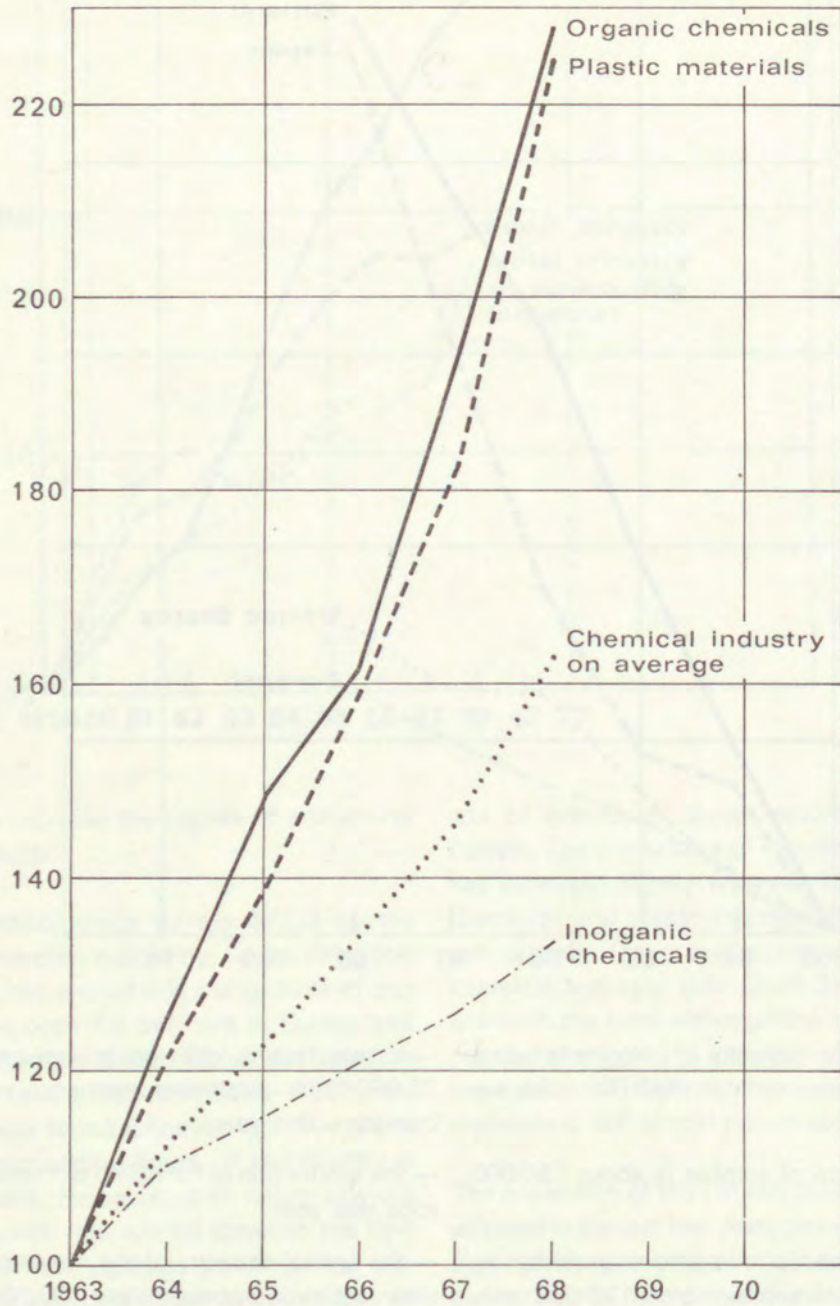
— a new factory with an annual capacity of 35 000 tons producing methanol will begin operation this year

— the production of formaline will reach 70 000 tons this year

— the annual capacity of the newly completed urea factory is approximately 100 000 tons

Following the decision to establish the petrochemical industry in Finland it became evident that the chemical industry was also expanding in other fields. The petrochemical industry will produce 150 000 tons of ethylene, 80 000 tons of high pressure polyethylene and 50 000 tons of polyvinyl chloride. Other products such as plasticizers, polyester resins, phenol, acrylic

CHART 4. STRUCTURAL CHANGE IN THE WESTERN EUROPEAN CHEMICAL INDUSTRY AS DEPICTED BY INDICES OF THE GROWTH RATES OF THE VARIOUS SECTORS (1963 = 100)



nitril, acrylic fibres and probably other artificial fibres and polystyrene will also be produced. Neste Oy will increase its degree of processing and will invest approximately 200 million marks in the refining of fuel oil by 1972. Many other companies have also decided on considerable expansion of their productive capacity.

MEDIUM-TERM FORECAST

Analogous points of comparison have been used and the earlier development has been extrapolated when forecasting the medium-term development for the chemical industry. The forecast has also been affected by the plans for expansion already published. The impact of the recent devaluation has been taken into account when estimating price developments; the price level of chemical products has been rather stable. The per capita consumption of chemical products at 1968 prices has also been used in making the estimates. The following annual growth figures have been arrived at: the gross value of production 15.1 per cent, imports 9.7 per cent and the consumption of chemical products 10.8 per cent. The figures are recorded in Chart 1.

As regards the gross value of production the chart also gives another probable annual growth rate of 11.2 per cent. When preparing the import and export estimates according to this estimate, however, the consumption per capita has been assumed to be constant. Then an effort has been made to estimate the upper and lower limits for imports and exports. Possible institutional changes as for instance further development of the European integration have not been given any attention even though they may affect the picture considerably.

INVESTMENT

The chemical industry is capital-intensive. There is thus special reason to be aware of the competitive situation and the productivity and profitability gaps in comparison with other coun-

tries when new plans are made. The volume of investment in the chemical industry has varied greatly also in the industrialized countries. In the last ten years the European countries have invested 10 per cent of their production on average whereas the corresponding figure for Japan has been as much as 11.3 per cent. In the United States the average value of investment has been only 6.1 per cent mainly because the chemical industry was established there ten years earlier. In Finland the relative share of investment has been 11.7 per cent on average in those years in the 1960's for which statistics are available.

The chemical industries of Japan and Finland are similar in their development although the scale is different. In both countries this industry is rather young and is characterized by the typical features of a newly established chemical industry, i.e. high rate of growth and high productivity.

The absolute annual investment figure is approximately 3 000 million dollars in the United States and 500—1 000 million dollars in West Germany, Japan, England and France.

If the need for investing and investment calculations is considered the so-called »investment intensity», i.e. the volume of investment per person employed, is of interest, too. The average investment intensity is increasing in the chemical industry, partly because of larger production units and partly because of increasing automation. In fact it has doubled in the last ten years in absolute terms. The money value of investment intensity is at present about U.S. dollars 2 500 per year on average in Western Europe.

The Finnish chemical industry has to invest continually in order to maintain its competitive power. What is the minimum amount of investment that our chemical industry needs in 1970—1975? When giving the answer attention has been paid both to the relative share of investment in output and the estimated development of the investment intensity. If the international norms are followed Finland should invest more than 2 000 million marks in 1970—1975. In-

vestment in the projects made public or under planning already totals about half of this.

The chemical industry is not an end in itself. Its products go mainly to be processed by other manufacturing industries. Thus its development

follows general economic trends. However, the chemical industry is gaining in significance and will thus have an increasing influence in overall economic development. The expansion of the chemical industry, however, requires willingness to invest.

ITEMS

Trade agreement. On January 31, 1970, an agreement was signed between Finland and the People's Republic of China regulating the exchange of goods for 1970. The total value of trade is about 130 million marks.

According to the agreement the Finnish export list includes various machines, appliances and instruments, paper and board products, cellulose, rayon, copper products, steel plates and sheets, zinc and special steel products and urea. The import list comprises soya beans, oil seeds, rice, tin, antimony, textiles, fruits and tobacco.

Domestic bond issues. The Government has announced the 1970 II issue of 7 ½ per cent bonds to the value of 75 million marks. The bonds are dated March 2 and will mature in four years. The price of issue is 100 %. The loan is intended for subscription by the public.

The Government has also authorized the following private bond issues.

The Land and Industry Real Estate Bank Ltd. has been authorized to make two issues of 10 and 5 million respectively. The loan period of the 10 million issue is 10 years starting March 15, 1970 and the rate of interest is 8 ¼ per cent. The bonds of the 5 million issue are also dated March 15 and will run for a period of 5 years at a rate of 7 ½ per cent. The loans are issued at par.

The Industrial Mortgage Bank of Finland Ltd. makes an issue of 100 million marks. The bonds are dated March 1, 1970 and will run

for a period of 10 years. The rate of interest is 8 per cent and the price of issue 100 per cent.

The Real Estate Bank in Finland Ltd. has been authorized to launch two bond issues of 10 and 5 million respectively. The bonds of the 10 million issue will run for 24 ½ years starting March 15, 1970, and carry interest at a rate of 7 ¾ per cent. The loan period of the 5 million issue is 5 years starting April 1, 1970. The rate of interest is 7 ½ per cent. The loans are priced at par.

Pekema Oy (petro-chemical industry) has been authorized to make an issue of 40 million marks. The loan, with an annual interest rate of 8 ½ per cent, is current for a period of 12 years starting March 31, 1970. It is issued at par. The issue is guaranteed as regards both principal and interest by the State of Finland.

Bank of Finland Institute for Economic

Research. From April 1, 1970, the Board of Management of the Bank of Finland has appointed as Director of the Institute Mr. Pertti Kukkonen, D. Pol. Sc. Mr. Kukkonen was previously Head of Department at the Institute.

Mr. Markku Puntila, D. Pol. Sc. was simultaneously appointed Head of Department of the Institute from the same date.

Previous Director of the Institute Mr. Lauri Korpelainen, D. Pol. Sc., has been appointed Head of Planning Department of the Ministry of Labour.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor (Absent as Prime Minister)

Reino Rossi

*Deputy Governor,
present Acting Governor*

Esko K. Leinonen

A. Simonen

*(Absent as a member of
Government)*

Ahti Karjalainen

*(Absent as a member of
Government)*

Heikki Valvanne

Jouko J. Voutilainen

ad int.

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Senior officials

Pertti Tammivuori

Administration

P.-E. Österlund

*Invisible transactions and
capital transfers*

A. Kajantie

Internal Audit

Helge Lindström

Credits

A. Nenonen

Foreign correspondence

K. Eirola

Automatic Data Processing

K. Ignatius

Personnel

Eino Suomela

Office

Stig Törnroth

Cash

Institute for economic research

Pertti Kukkonen

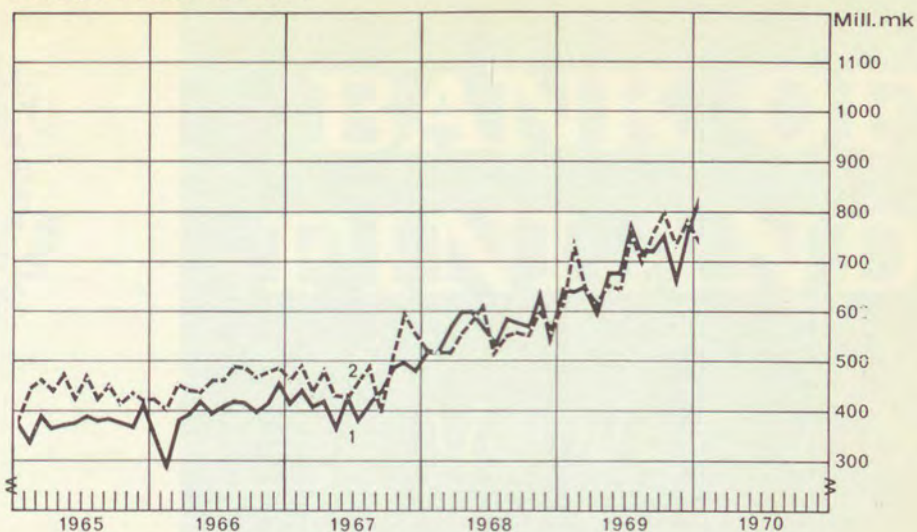
Head of department

Markku Puntila

Head of department ad int.

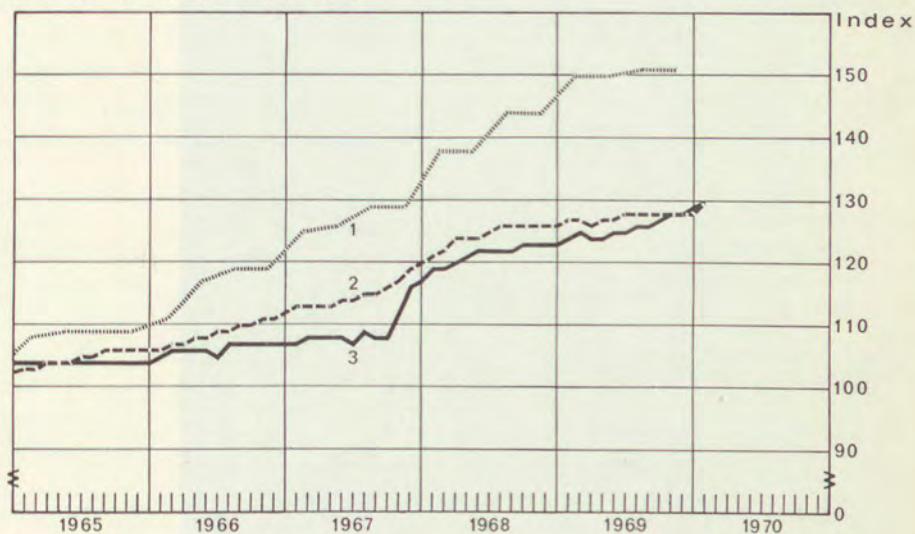
Foreign trade, 1965-1970

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



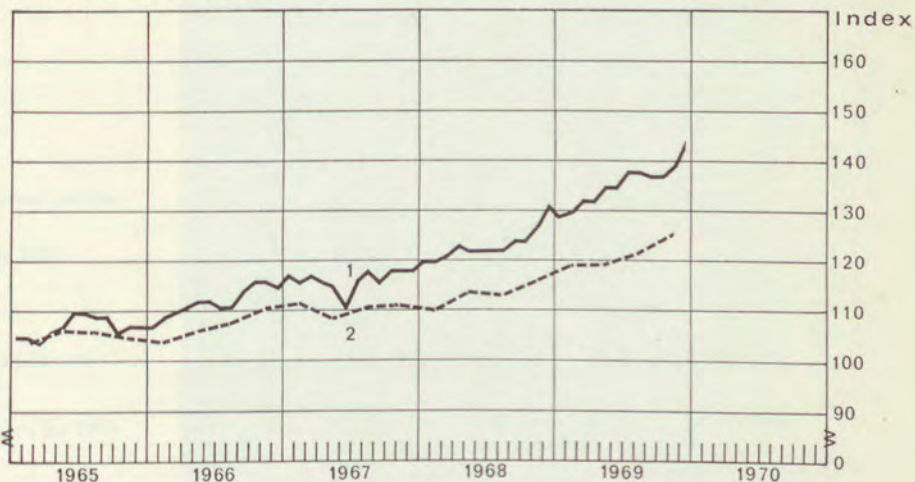
Prices and wages, 1965-1970

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



BANK OF FINLAND

