



BANK OF FINLAND

Monthly Bulletin

Incomes policy in Finland for January
1, 1971 — March 31, 1972

Finland's foreign trade and structural
changes in manufacturing in the 1960's

Foreign investment in 1970

Trade agreements

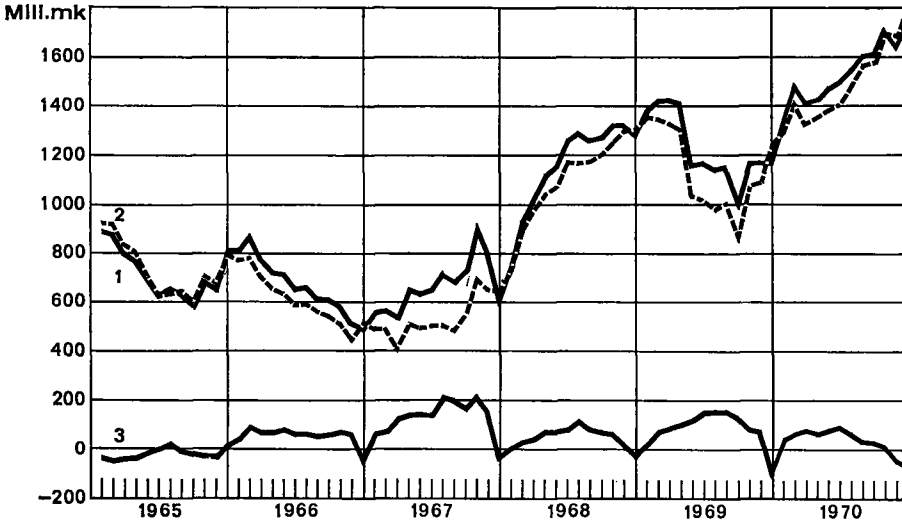
Suomen Vientiluotto Oy

Domestic bond issues

FEBRUARY 1971

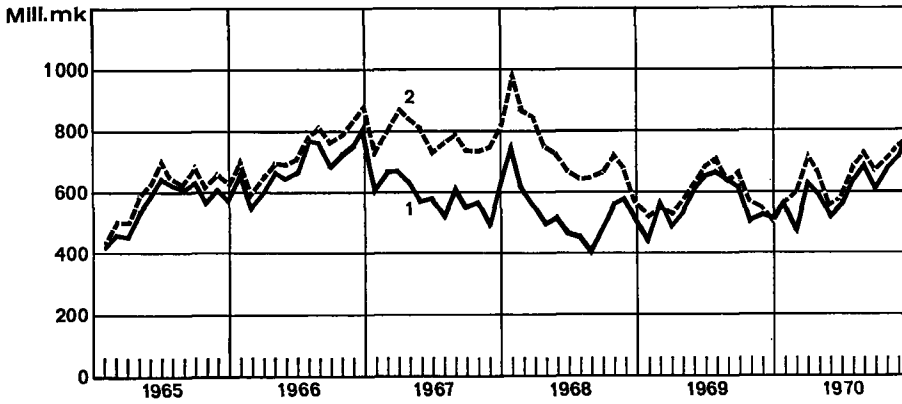
Vol. 45 No. 2

Bank of Finland foreign exchange reserve, 1965-1970



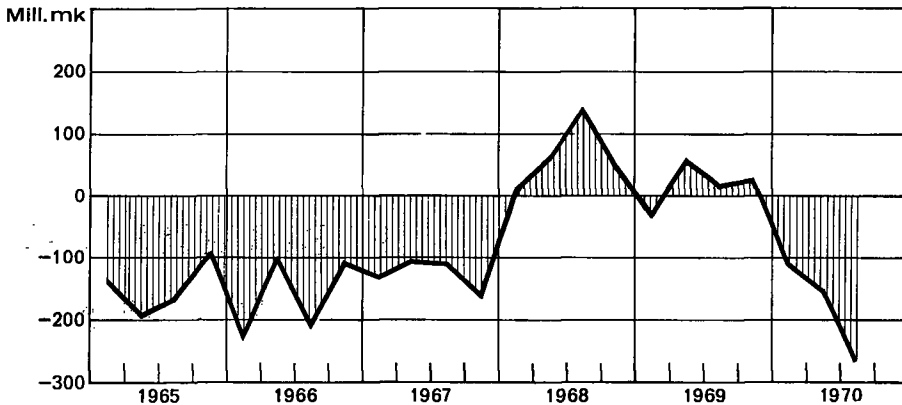
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

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

INCOMES POLICY IN FINLAND FOR JANUARY 1, 1971— MARCH 31, 1972

Stable economic development in Finland in 1969—1970 can be to a large extent ascribed to the stabilization policy pursued since March 1968. This policy has been based on national agreements covering wages and certain other incomes and a wide range of prices, as well as on the price control of certain consumer goods. The total rise in the level of earnings was about 22 per cent from March 1968 to the end of 1970. As the increase in the cost of living index amounted to 7 per cent over the same period, there has been a 14 per cent increase in real wage and salary earnings or an average 5 per cent annual rise while the seasonally adjusted unemployment rate has decreased from 4 ½ per cent in the middle of 1968 to less than 2 per cent in 1970.

Although general wage increases were awarded on a uniform basis during the stabilization period there were still considerable differences in the development of incomes of various groups of wage and salary earners, primarily due to wage drift in certain sectors experiencing a shortage of labour. In addition, non-wage incomes increased markedly, especially in the export industries because of strong foreign demand. It was mainly for these reasons that the labour market organizations failed to reach an overall collective agreement for 1971.

To protect the gains of the stabilization policy and to encourage structural change in the economy as well as to maintain Finland's competitive position in 1971, the President of the Republic considered it necessary to propose his own solution for an incomes policy on December 4, 1970. Besides dealing with the collective agreements and wage questions, the proposed comprehensive solution also dealt with the enforcement of a counter-cyclical tax on the wood-processing industry, agricultural income and price control. His proposals envisaged that

wages should be increased by 22 pennies per hour or by a corresponding amount per week or per month from the conclusion of the new collective agreement. Apart from this, salaries, wage rates or other labour costs will be raised according to principles to be agreed on separately for each sector by an amount equalling 2 per cent of the relevant sector's total wages. At the beginning of September 1971 there will be an additional rise, corresponding to 20 pennies per hour. Collective agreements or the corresponding contracts will be in force until the end of March 1972.

The minimum wage of a person over 18 years of age for regular work shall be 3 marks per hour, including payments in kind. Up to now, there have not been general provisions regarding minimum wages in Finland. The law on general annual holidays will be revised so that a four-week annual holiday will be enforced in 1973.

Agricultural target prices will be raised by 3.5 per cent on January 1, 1971 and by 1.75 per cent on September 1, 1971. The latter prices will be valid until March 31, 1971.

To help alleviate the problems of excess production in agriculture the price ratio of butter and margarine was changed; the consumer price of butter was reduced while the price of the so-called soft margarines was raised. Regional subsidies and acreage subsidies granted to small farmers will be increased by 5.3 per cent for the year 1971.

Since export income from the wood-processing industry increased by even more than expected owing to favourable price developments in international markets, a law introducing a counter-cyclical tax was included in the incomes policy solution; according to this law,

a 2 ½ per cent counter-cyclical tax shall be collected on the value of the exports of the wood-processing industry from September 1, 1969 to August 31, 1970. The purpose of this measure is to curb the growth in investment within the wood-processing industry and to channel more funds into projects promoting employment and accelerating structural change in the economy.

Price control will be continued roughly on the same lines as in 1968—1970. However, adequate attention will be given in the future to the compensation of those cost rises which are outside the control of the entrepreneurs themselves in those sectors of the economy where productivity grows most slowly.

The central labour market organizations and the agricultural producers' organizations signed the agreement designed to provide an overall solution on December 8, 1970. After this, the labour market organizations could begin the preparation of sectoral agreements.

The laws which provided the legal basis of the comprehensive policy i.e. the Economic Special Powers Act enforcing price and rent control, the law providing for the changing of the price ratio of butter and margarine, the counter-cyclical tax law, amendments to the law on agricultural income and the law governing the renting of accommodation were passed by Parliament at the end of December 1970. In the new Economic Special Powers Act the prohibition on the use of index linkages was cancelled as regards agreements on the renting of land or accommodation or the provision of

electricity, made for a period exceeding ten years and without the right to give notice. In addition, the Ministry of Finance was given the authority to allow the use of index linkages in certain long-term agreements. As for price control, the Cabinet was given powers as extensive as in the previous Economic Special Powers Act.

The 1971 incomes policy lays special emphasis on the narrowing of income differentials. The minimum wage stipulations enforced at the beginning of the year and the fact that wage and salary increases have to a large extent been awarded in equal absolute, not percentage amounts have contributed to this end. The expiry date of these collective agreements has been extended to the end of March 1972 in order to lengthen the time available for the preparation of future collective agreements and to facilitate the co-ordination of wage agreements with decisions regarding agricultural income, which legally must be made not later than in March every year.

By the end of January collective agreements in line with the overall policy had been prepared for almost every sector. However, approximately 200 000 employees are still uncovered by any agreement, most of them in two important sectors, i.e. the metal industry and house building.

The incomes policy solution is expected to slightly increase the rise in incomes and prices as compared with 1969 and 1970.

January 29, 1971.

BANK OF FINLAND

Mill. mk

	1970		1971			
	Jan. 30	Dec. 31	Jan. 8	Jan. 15	Jan. 22	Jan. 29
Assets						
Gold and other foreign assets	1 556.8	1 964.6	2 054.9	2 099.1	2 101.7	2 110.0
Gold	189.4	121.3	121.3	121.3	121.3	121.3
Special drawing rights	88.2	98.0	183.4	183.4	183.4	183.4
IMF gold tranche	173.3	280.3	280.3	280.3	280.3	280.3
Foreign exchange	942.8	1 344.0	1 346.7	1 391.6	1 395.7	1 407.5
Foreign bills	104.0	84.7	86.9	86.2	84.7	81.2
Foreign bonds	59.1	36.3	36.3	36.3	36.3	36.3
Claims on domestic banks	573.1	839.0	694.4	590.7	844.6	735.8
Discounted bills	462.4	827.0	678.2	587.4	839.4	730.7
Rediscounted bills	36.1	8.8	10.5	3.2	4.2	1.9
Cheque accounts	74.6	3.2	5.7	0.1	1.0	3.2
Other lending	305.2	282.9	282.6	280.7	274.8	271.0
Inland bills discounted						
In foreign currency	7.3	—	—	—	—	—
In Finnish marks	183.3	136.6	133.3	131.4	126.5	123.1
Loans	114.6	146.3	149.3	149.3	148.3	147.9
Other assets	642.0	689.2	752.4	737.8	673.2	769.1
Finnish bonds	211.8	64.1	124.5	109.2	43.2	138.2
Finnish coin	11.2	7.7	9.2	11.3	12.9	13.6
Currency subscription to Finland's quota in the IMF	351.7	517.7	517.7	517.7	517.7	517.7
Other claims	67.3	99.7	101.0	99.6	99.4	99.6
Total	3 077.1	3 775.7	3 784.3	3 708.3	3 894.3	3 885.9
Liabilities						
Notes in circulation	1 177.5	1 343.8	1 270.2	1 244.6	1 237.0	1 255.0
Liabilities payable on demand	73.8	125.6	91.4	89.9	107.1	96.0
Foreign exchange accounts	45.4	94.1	60.9	60.4	60.1	65.6
Mark accounts of holders abroad	11.2	11.6	12.7	13.3	10.7	10.8
Cheque accounts						
Treasury	1.1	2.1	2.3	0.4	10.9	1.9
Post Office Bank	4.2	3.7	0.9	0.5	10.8	3.4
Private banks	—	1.1	—	0.6	—	—
Other	1.1	2.5	3.7	3.5	3.2	3.1
Other sight liabilities	10.8	10.5	10.9	11.2	11.4	11.2
Term liabilities	431.7	632.6	659.9	608.1	787.5	770.9
Foreign	7.7	—	—	—	—	—
Domestic	424.0	632.6	659.9	608.1	787.5	770.9
IMF mark accounts	351.7	517.7	517.7	517.7	517.7	517.7
Allocations of special drawing rights	88.2	88.2	173.6	173.6	173.6	173.6
Equalization accounts	421.8	404.1	406.5	408.2	404.5	404.4
Bank's own funds	532.4	663.7	665.0	666.2	666.9	668.3
Capital	300.0	600.0	600.0	600.0	600.0	600.0
Reserve fund	200.3	0.3	32.0	32.0	32.0	32.0
Profits undisposed	27.7	—	31.7	31.7	31.7	31.7
Earnings less expenses (Dec. 31, Net profit)	4.4	63.4	1.3	2.5	3.1	4.6
Total	3 077.1	3 775.7	3 784.3	3 708.3	3 894.3	3 885.9

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
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
1970	1 843.6	105.7	1 737.9	638.7	517.7	1 858.9	—118.3	2.1	—120.4
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
Nov.	1 737.0	84.6	1 652.4	435.8	325.5	1 762.7	—137.3	61.5	—198.8
Dec.	1 843.6	105.7	1 737.9	638.7	517.7	1 858.9	—118.3	2.1	—120.4
1971									
Jan.	1 992.5	76.4	1 916.1	635.2	517.7	2 033.6	—117.7	1.9	—119.6

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1969			Net holdings, Dec. 31, 1970			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Dec.	Jan.-Dec.
	Gold	189	—	189	121	—	121	— 69
Special drawing rights	—	—	—	98	—	98	—	+ 98
IMF gold tranche	173	—	173	280	—	280	+ 81	+107
Convertible currencies	893	—98	795	1 302	—103	1 199	+383	+404
Other currencies	—80	5	—75	—63	— 8	—71	— 31	+ 4
Total	1 175	—93	1 082	1 738	—111	1 627	+364	+545

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	
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
1970	827.0	8.8	3.2	1.1	3.7	834.2	136.6	246.0	527.3	-144.7	1 343.8
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
Nov.	817.5	7.7	46.4	—	45.0	826.6	134.4	161.4	674.4	-378.6	1 279.0
Dec.	827.0	8.8	3.2	1.1	3.7	834.2	136.6	246.0	527.3	-144.7	1 343.8
1971											
Jan.	730.7	1.9	3.2	—	3.4	732.4	123.1	247.5	667.5	-296.9	1 255.0

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

SELLING RATES FOR FOREIGN EXCHANGE

Mk

Jan. 29, 1971

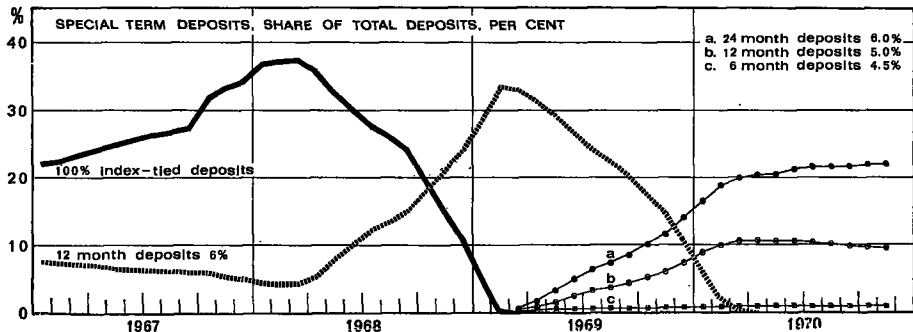
New York	1 \$	4.176	Frankfurt o. M.	100 DM	115.06	Vienna	100 S	16.15
Montreal	1 \$	4.140	Amsterdam	100 Fl	116.12	Lisbon	100 Esc	14.70
London	1 £	10.090	Brussels	100 Fr	8.415	Reykjavik	100 Kr	4.76
Stockholm	100 Kr	80.85	Zurich	100 Fr	97.18	Madrid	100 Pta	6.03
Oslo	100 Kr	58.47	Paris	100 FF	75.70	Moscow ¹	1 Rbl	4.6799
Copenhagen	100 Kr	55.78	Rome	100 Lit	0.6700	Clearing dollars ²	1 Cl \$	4.212

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

DEPOSITS BY THE PUBLIC

Mill. mk

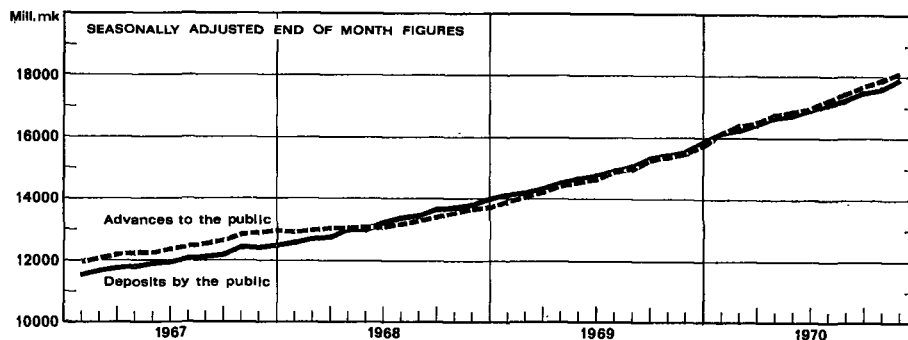
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1962	656.6	800.8	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										
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
Oct.	1 047.8	1 351.0	499.2	5 714.9	4 656.9	3 319.3	1 221.3	557.6	15 470.0	17 320.2
Nov.	1 101.0	1 396.0	554.3	5 777.4	4 703.7	3 372.4	1 230.5	559.2	15 643.2	17 593.5



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
	Commercial 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									
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	3 628.3
Oct.	7 867.8	4 263.9	1 199.6	3 307.6	1 380.8	17 286.0	733.7	18 019.7	3 698.8
Nov.	7 929.1	4 321.3	1 225.6	3 366.9	1 431.2	17 556.6	717.5	18 274.1	3 829.1

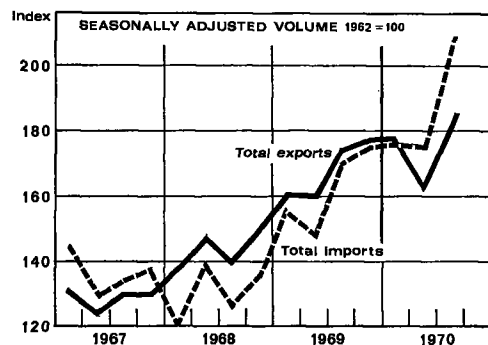
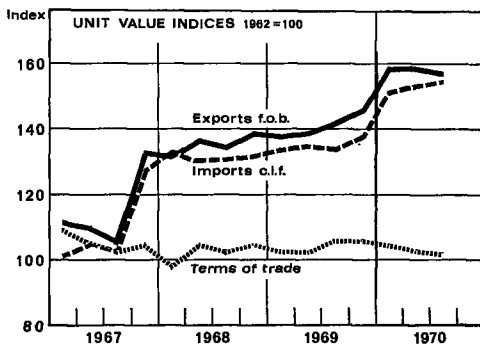


FOREIGN TRADE

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			
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
Sept.	876.0	1 019.6	-143.6
Oct.	912.0	964.7	- 52.7
Nov.	849.7	991.3	-141.6
Jan.-Nov.			
1969*	7 498.9	7 572.7	- 73.8
1970*	8 772.5	9 659.1	-886.6

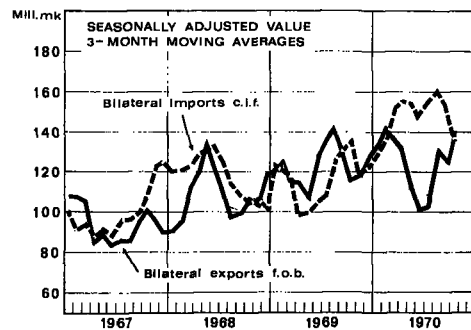
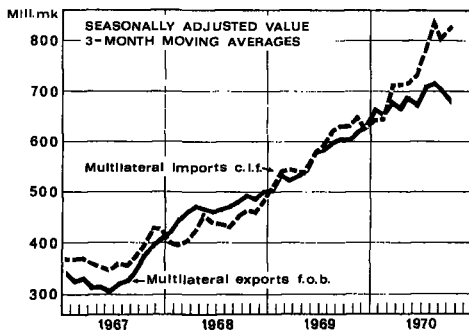
Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1965	114	129	113	104	109
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1969					
July-Sept.	134	124	106	103	103
Oct.-Dec.	139	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
July-Sept.	178	176	158	155	102



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*										
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
Sept.	43.6	12.9	150.0	323.1	202.6	143.8	479.8	109.1	243.7	187.0
Oct.	24.6	11.0	161.5	340.6	230.9	143.4	419.3	117.2	245.6	182.6
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.3	265.6	170.0
Jan.-Nov.										
1969*	301.4	66.6	1 279.1	2 072.1	1 755.0	1 024.7	3 249.5	876.4	1 994.5	1 452.3
1970*	374.0	80.8	1 390.4	3 463.2	2 175.1	1 289.0	4 300.5	1 106.9	2 446.9	1 804.8



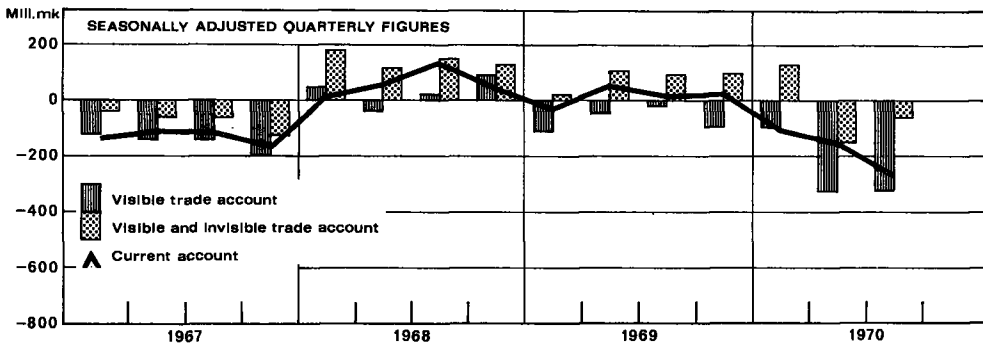
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January—November				January—November			
	1969		1970		1969		1970	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	68.3	5 122.3	71.3	6 250.3	72.7	5 503.9	73.4	7 094.2
Austria	0.6	44.7	0.8	70.0	1.1	87.3	1.3	127.8
Belgium-Luxembourg	2.5	186.2	1.9	168.8	1.9	143.0	2.0	194.7
Denmark	4.0	301.3	4.1	364.0	3.5	263.2	3.2	309.3
France	4.2	312.1	3.7	328.0	3.5	268.0	3.5	333.3
Federal Republic of Germany	10.0	746.4	10.8	941.4	16.3	1 233.1	17.0	1 641.1
Italy	2.7	204.3	2.3	201.1	2.1	158.6	2.0	190.5
Netherlands	4.5	335.9	4.6	398.7	3.7	280.6	3.6	352.7
Norway	2.2	168.5	3.8	329.4	2.9	222.1	2.4	229.7
Portugal	0.3	23.1	0.4	31.3	0.6	45.1	0.7	71.5
Spain	1.0	71.5	1.0	90.7	0.3	22.2	0.4	34.5
Sweden	13.7	1 026.5	16.2	1 420.3	16.5	1 249.3	17.7	1 712.9
Switzerland	2.0	149.7	1.8	160.9	3.3	249.4	3.4	331.8
United Kingdom	18.5	1 391.2	18.1	1 583.5	16.7	1 261.7	15.9	1 539.0
Other	2.1	160.9	1.8	162.2	0.3	20.3	0.3	25.4
OECD countries outside Europe	7.0	525.4	6.0	529.3	6.1	460.5	6.2	600.6
Canada	0.6	44.2	1.0	84.4	0.3	18.5	0.3	31.5
Japan	0.2	19.2	0.2	22.8	1.7	131.4	1.9	183.1
United States	6.2	462.0	4.8	422.1	4.1	310.6	4.0	386.0
Eastern Bloc	17.5	1 311.1	15.1	1 327.3	16.9	1 280.8	16.3	1 570.8
Czechoslovakia	0.5	33.9	0.5	48.5	0.6	45.0	0.5	45.9
Democratic Republic of Germany	0.6	43.2	0.7	59.6	0.7	53.0	0.7	60.6
People's Republic of China	0.3	20.6	0.6	50.2	0.3	25.2	0.2	21.6
Poland	1.5	115.5	1.2	104.6	1.4	104.9	1.5	146.7
Soviet Union	13.9	1 044.7	11.3	991.3	13.3	1 006.4	12.6	1 217.8
Other	0.7	53.2	0.8	73.1	0.6	46.3	0.8	78.2
Latin America	2.9	218.6	2.7	238.9	2.4	181.1	2.5	241.9
Argentina	0.7	53.2	0.6	58.7	0.2	14.5	0.1	11.9
Brazil	0.4	32.5	0.5	42.6	0.8	61.9	0.9	81.4
Colombia	0.3	19.1	0.2	16.1	0.7	52.3	0.8	77.1
Other	1.5	113.8	1.4	121.5	0.7	52.4	0.7	71.5
Other	4.3	321.5	4.9	426.7	1.9	146.4	1.6	151.6
GRAND TOTAL	100.0	7 498.9	100.0	8 772.5	100.0	7 572.7	100.0	9 659.1
of which								
EFTA countries	41.4	3 105.1	44.9	3 940.3	44.6	3 378.1	44.8	4 328.8
EEC countries	23.8	1 784.9	23.2	2 039.2	27.5	2 083.3	28.1	2 712.4
OECD countries	75.3	5 647.7	77.3	6 779.6	78.8	5 964.4	79.7	7 694.8

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
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
1970	2 471	2 690	-219	+196	+109	- 4	+82	-110	- 1	- 29
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

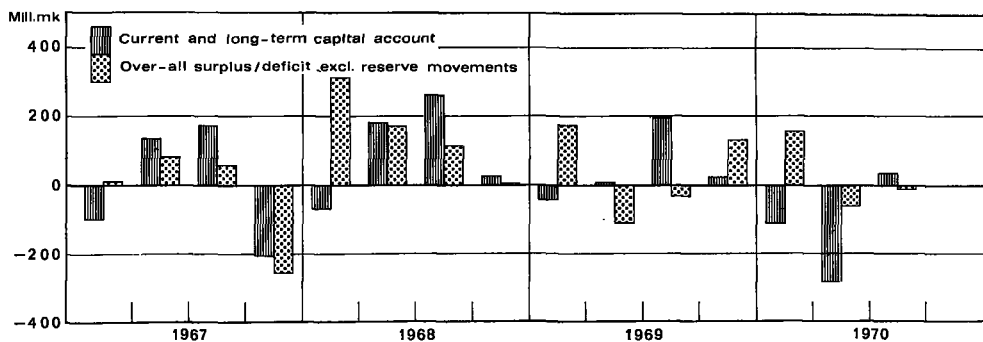


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous 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
+ 359	-175	- 60	-58	+ 66	+ 37	+ 86	- 2	-129	- 8	-116	+124
+ 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
		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			
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
1970	297	300	286	299	317	290	329	290	283	138	146	126
1970												
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
Oct.	299	301	290	300	331	289	331	287	287	138	146	127
Nov.	299	301	289	299	331	290	333	285	287	138	146	127
Dec.	300	303	291	300	336	291	334	287	289	139	146	128

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 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
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
1970	223	175	115	116	115	109	115	121	113	113	113	115
1970												
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
Oct.	224	176	115	117	114	110	115	125	114	113	114	116
Nov.	225	176	116	117	114	111	115	129	114	114	114	117
Dec.	225	177	116	116	114	111	116	131	115	115	114	118

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							
1968	151	142	136	147	141	149	139	142	140	141
1969*	164	154	143	156	151	158	150	150	150	150
1970*	186	169	170	162	159	165	163	155	169	163
1969*										
Jan.-Mar.	163	151	141	155	149	158	147	150	148	149
Apr.-June	160	153	144	156	151	158	151	150	150	150
July-Sept.	167	154	144	156	152	158	152	151	151	151
Oct.-Dec.	167	157	144	156	152	158	152	151	151	151
1970*										
Jan.-Mar.	178	166	167	162	159	165	160	155	165	160
Apr.-June	187	169	169	162	159	165	163	155	171	164
July-Sept.	187	171	171	162	159	165	164	155	171	164
Oct.-Dec.	193	171	172	162	159	165	164	155	170	163

PRODUCTION

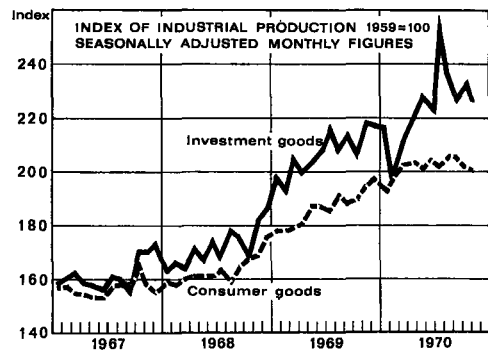
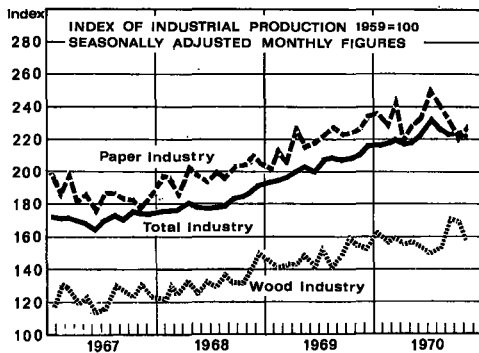
Volume indices of production 1964=100

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	95	89	117	106	109	113	114	114	114
1968	113	121	97	93	109	108	114	111	118	119	119
1969	122	136	98	102	124	104	124	123	123	123	126
1970	130	150	95	111	134	97	132	133	129	128	132
1969											
July-Sept.	124	127	173	46	157	103	129	121	124	123	126
Oct.-Dec.	126	147	67	101	150	98	129	134	125	125	128
1970*											
Jan.-Mar.	126	149	65	155	93	99	121	121	127	127	131
Apr.-June	130	151	76	127	125	99	133	132	127	127	132
July-Sept.	132	139	169	56	164	98	136	132	129	128	132
Oct.-Dec.	134	160	69	105	155	94	136	145	132	130	135

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*											
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	174	133	192	147	189	131	247	270	288	127	234
Aug.	220	212	226	209	189	128	248	300	309	199	228
Sept.	232	245	238	216	186	162	243	309	318	232	225
Oct.	240	260	249	215	217	168	239	349	325	245	225
Nov.	236	252	247	208	208	156	239	344	305	237	223



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1966	2 215	2 180	35	1.6	29 440	104
1967	2 205	2 142	63	2.9	30 240	103
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	117
1969								
Oct.	2 171	2 131	40	1.8	2 402	117	134	130
Nov.	2 164	2 120	44	2.0	2 970	108	121	117
Dec.	2 164	2 113	51	2.4	4 332	149	138	121
1970*								
Jan.	2 133	2 074	59	2.8	3 873	94	103	116
Feb.	2 130	2 073	57	2.7	4 945	93	113	111
March	2 129	2 075	54	2.5	4 952	100	122	118
April	2 130	2 078	52	2.4	4 593	111	134	129
May	2 175	2 137	38	1.7	3 382	117	130	127
June	2 323	2 284	39	1.7	2 469	118	130	127
July	2 347	2 315	32	1.4	1 127	115	124	130
Aug.	2 300	2 265	35	1.5	1 346	109	128	137
Sept.	2 180	2 152	28	1.3	1 894	116	146	131
Oct.	2 171	2 142	29	1.3	2 659	122	142	..
Nov.	2 168	2 138	30	1.4	3 308

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*											
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	9.69	3.67	0.96	3.04	1.31	38.14
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
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.17	4.17	1.45	2.78	1.03	41.47

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. *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 36, 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 (1969): 4.7 million. Sweden 8.0 Switzerland 6.2, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1969): In South Finland 26.3, in North Finland 4.2 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1969): 50% of the population inhabit the rural areas, 50% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 534 000 inhabitants, Tampere (Tammerfors) 155 500, Turku (Åbo) 154 700.

EMPLOYMENT (1969): Agriculture and forestry 24%, industry and construction 34%, commerce 15%, transport and communications 7%, services 20%.

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

EDUCATION (1969): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 7 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1969): births 14.5 ‰, deaths 9.8 ‰, increase 1.8 ‰, net emigration 3.0 ‰. Deaths in France 11.7 ‰ and Great Britain 11.9 ‰.

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 (1968): Gross value of industrial production 26 033 mill. marks, number of workers 353 526, salaried employees 89 973, motive power (1968) 4.4 mill. kW. Index of industrial production 205 for 1969 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1971): Length 5 874 km.

MERCHANT FLEET (Jan. 31, 1971): Steamers 51 (58 005 gross reg. tons), motor vessels 383 (562 003 gross reg. tons), tankers 56 (705 131 gross reg. tons), sailing vessels with auxiliary engines 9 (1 274 gross reg. tons). Total 499 (1 326 413 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, 1970). There are two big and five small commercial banks with in all 825 offices, 327 savings banks, 445 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and sixtyone 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%.

FINLAND'S FOREIGN TRADE AND STRUCTURAL CHANGES IN MANUFACTURING IN THE 1960's

by Keijo Räikkönen M. Sc. (Econ.)

Federation of Finnish Industries

TRADE POLICY IN THE 1960's

The liberalization of Finland's foreign trade began in the latter half of the 1950's. Before the 1957 devaluation some bilateral quotas had been made multilateral but more extensive liberalization did not seem to be possible. After the alteration in the par value of the mark liberalization was begun both by a gradual removal of import quotas and by a permissive licensing policy. Thus 20 per cent of our imports were covered by quantitative restrictions in 1965.

In 1960 the EFTA convention was signed in Stockholm. This meant new tariff discrimination against the products of Finnish industry. Moreover the establishment of the European Common Market in 1958 had caused an increase in the import duties paid, for instance, on the products of the wood-processing industry. Consequently Finland, of whose exports almost 80 per cent were based on wood even in 1960, decided to join EFTA in 1961. A few months earlier she had signed the so-called Moscow agreement with the Soviet Union, which secured for the Soviet Union the same tariff preferences to be granted to the EFTA countries.

Finland removed her import duties for the EFTA countries from the beginning of 1968. At the same time the products on the so-called »décalage» list were liberated. As for Finland's exports, the import tariffs of the EFTA countries amounted to 50 per cent of the original level in March 1963 and these tariffs were removed completely in the beginning of 1967. Consequently the impact of these measures on our foreign trade and the economy generally was not felt until the latter half of the 1960's. The tariff reductions due to the Kennedy Round involved an approximately 35 per cent curtailment in the average customs tariffs of the

GATT countries. Two fifths of the reductions were effected on the 1st of July 1968 and the rest were removed gradually over the next few years.

The incidence of Finnish customs duties has declined from almost 20 per cent in 1957 to roughly 11 per cent by the beginning of the 1970's. Customs tariffs between Finland and both the EFTA countries and the Soviet Union have been removed completely; this covers more than a half of our total foreign trade. These changes have no doubt exerted a considerable influence on Finland's foreign trade.

IMPACT OF LIBERALIZATION ON THE STRUCTURE OF FOREIGN TRADE

Partly due to the trade policy pursued previously, there has been a strong dualism in the productive structure of the economy. On the one hand there have been the efficient export industries i.e. the wood-processing industry; on the other hand there have been the less efficient manufacturing sectors which mainly produced for the home market.

The trade policy decisions of the 1960's are naturally to be seen against this background. They were not taken only because of the short-run prospects of the wood-processing industry, but also in order to promote the diversification of production in the longer run.

Table 1 displays the percentage distribution of exports in 1954—1969. It can be seen that after the 1957 liberalization measures the share in total exports of products other than those of the wood-processing industry and transport equipment has increased sharply; the 1959 figure, 14 per cent, doubled by 1969, when it was 28 per cent. At the same time the

TABLE 1. EXPORTS OF THE MOST IMPORTANT INDUSTRIAL PRODUCTS 1954—1969 ¹

	1954	Per cent		1969	Per cent share of EFTA			
		1959	1965		1954	1959	1965	1969
Wood products (SITC 243, 63)	36.9	27.4	22.3	17.8	43.6	53.3	56.0	54.0
Pulp (SITC 251)	22.2	20.9	20.4	14.6	34.6	33.4	29.6	—
Newsprint paper (SITC 641.1)	8.4	10.2	10.7	8.1	23.3	25.0	24.3	21.7
Paper and paperboard products (SITC 641 excl. 641.1, 642)	15.2	19.5	22.3	23.8	17.3	14.9	17.9	28.2
Textiles and clothing (SITC 65, 84)	0.2	0.8	2.3	5.7	40.0	73.2	64.8	76.1
Chemical industry (SITC 266, 313, 4, 5)	1.8	1.4	2.8	3.5	4.7	16.0	32.6	43.7
Metal and metalproducts (SITC 67, 68, 69)	1.6	3.8	6.0	8.0	1.1	22.1	46.3	55.0
Machinery (SITC 71)	4.1	6.5	5.3	8.3	3.7	4.3	23.4	26.1
Electrical machinery (SITC 72)	0.6	1.4	1.9	2.7	11.8	10.2	34.7	55.6
Transport equipment (SITC 73)	8.9	8.3	6.0	7.6	1.5	0.5	10.7	27.9
Total	100	100	100	100	29.1	29.1	32.9	38.5

¹ Source: The effects of EFTA, Geneva, 1969 p. 68. The 1969 figures have been calculated separately and they include 93 per cent of total exports of industrial products.

share of these products in exports to the EFTA countries grew from 14 ½ per cent to more than 50 per cent.

The table also reveals a pronounced shift to more processed products in the wood-processing industry while the share of these paper and cardboard products in exports to EFTA has risen from 15 per cent to 30 per cent. At the same time the proportion of other products of the wood-processing industry in EFTA exports has remained unchanged or declined slightly. There has also been a simultaneous decline in their relative share in total exports.

Table 2 illustrates the structural change of imports. The impact of Finland's association with EFTA has been concentrated in the latter half of the 1960's, in which period the share of imports from the EFTA countries increased substantially while that of imports from the EEC and other countries decreased. A marked increase occurred in the share of clothing and footwear in total imports and a less significant growth in the imports of textiles. The relative shares of chemical industry products and machinery declined. It seems, however, that the structure of imports has changed less than that of exports.

Sectors which have greatly increased the share of their production going to exports are listed below.

PER CENT SHARE OF EXPORTS IN TOTAL PRODUCTION

	1962	1969
Clothing	0.7	22.6
Paint and varnishes	0.8	43.5
Tricot goods	1.1	26.0
Pharmaceutical products	1.3	6.5
Rubber	2.3	9.7
Footwear	2.5	27.1
Plastics	2.5	9.0
Fabrics	5.6	17.5
Electrical machinery	9.2	36.1
Furniture	10.4	30.0
Basic metals	11.3	33.1

STRUCTURAL CHANGES IN MANUFACTURING

SOME GENERAL ASPECTS

A strong simultaneous increase both in the share of exports in total production and the share of imports in consumption indicates that a significant intra-industrial specialization has taken place. This has been the case especially in the clothing, textile and footwear industries

TABLE 2. IMPORTS OF INDUSTRIAL PRODUCTS 1954—1969¹

	1954	Per cent			Per cent share of EFTA			
		1959	1965	1969	1954	1959	1965	1969
Leather and rubber manufactures (SITC 61, 62)	2.5	2.4	1.9	2.4	25.0	34.9	53.6	68.8
Wood and paper (SITC 24, 25, 63, 64)	0.6	0.8	1.3	3.1	29.6	35.4	66.7	35.6
Textiles (SITC 65)	10.7	7.5	6.0	8.3	41.8	31.3	44.2	62.0
Chemical products (SITC 266, 313, 4, 5)	23.2	19.0	19.6	16.2	24.1	26.4	31.6	41.8
Building materials (SITC 66)	1.5	1.1	1.2	1.6	44.6	41.2	50.0	53.9
Metals (SITC 67, 68)	17.0	14.9	12.8	12.7	32.7	28.4	35.4	42.0
Metal products (SITC 69)	2.9	3.5	3.3	3.3	45.4	49.3	51.9	56.6
Machinery (SITC 71)	14.7	22.0	20.5	18.2	44.1	47.1	48.2	51.6
Electrical machinery and apparatus (SITC 72)	5.9	7.4	8.7	8.2	44.6	34.1	42.6	44.8
Transport equipment (SITC 73)	13.3	13.7	15.1	16.4	42.5	42.5	38.2	40.1
Clothing and footwear (SITC 84, 85)	1.1	0.7	1.2	2.0	2.1	13.3	34.4	72.3
Other manufactured products	6.7	6.9	8.5	7.6	15.9	24.5	30.7	43.2
Total	100	100	100	100	34.3	35.4	39.8	47.0

¹ Source: The Effects of EFTA, Geneva 1969 p. 67. The 1969 figures have been calculated separately and they include 75 per cent of total imports of industrial products.

as well as in the production of paints and glass and in the production of electrical machinery. Sectors which have undergone some reorganization, i.e. have specialized and limited the range of their products, have increased their productivity more than on average in the 1960's.

Both the metal and chemical industry have increased their share in exports while their share of imports has remained unchanged or even declined (it has for both sectors remained around 40—50 per cent of consumption). This shows that they have adjusted to the tightening competition and the liberalization of trade has above all facilitated an expansion of exports.

SPECIALIZATION BETWEEN THE SECTORS

The fluctuations in the shares of the different sectors in total manufacturing can be seen from Table 3. Growth has been most rapid in the basic metal industry and in the manufacture of metal industry products; the share of the latter had been declining in the 1950's. Some expansion has also taken place in the share of machinery, although the cyclical pattern has clouded the picture here. In the wood-processing industry there has been a clear shift to more highly processed products although

the share of this industry has been slowly declining. A decline in the growth rate of the production of pulp and sawn goods has been compensated by steady expansion in the output of veneer, chip boards, paper and cardboard and articles made of these as well as of the production of furniture. This development reflects clearly the changes in the structure of exports and especially the impact of the association with EFTA. The share of the chemical industry in total manufacturing has increased steadily. However, more than 80 per cent of this increase has taken place in the production of mineral oil and asphalt.

Last may be noted the steady increase in the share of other manufacturing, which consists primarily of the building materials, plastics and graphical industries. Apart from the production of sawn goods and pulp, some relative decline has occurred also in the food, textile and clothing and footwear industries.

PRODUCTIVITY

Increased efficiency in the manufacturing sector is apparently to some extent ascribable to the liberalization of foreign trade and especially to enhanced competition within the

EFTA. If we assume that the EFTA effects began to be felt only after 1963, the above view is supported by the fact that there has been a distinct increase in the productivity of manufacturing since 1963. The average growth of productivity was 3.9 per cent in 1954—63 as against an average of 4.5 per cent in 1963—69. A comparison between the various sectors reveals that the highest increases in productivity occurred in the leather, rubber, food, metal and vehicle industries as well as in the clothing, footwear, textile and wood industries. With the exception of the wood and vehicle industries these sectors are not traditionally export orientated. On the other hand, the increase in productivity has been less than average in such sectors as e.g. the paper, chemical and basic metal industries and the manufacture of machinery. The general pattern of development has thus been an increase in productivity in small industries and in the fields that have previously been less significant or produced mainly for the home market whereas the productivity gain in the traditionally more expansive fields has not been affected.

DEVELOPMENT OF FACTOR PROPORTIONS

Because of the constant release of labour from agriculture Finland can at the moment be regarded as a country having relatively ample resources of labour while capital is a relatively more scarce factor of production by comparison with several other European countries. Consequently Finland should avail itself of its relative advantage in the labour-intensive sectors as far as international trade is concerned. However, the above figures revealed that such sectors as the paper, asphalt and mineral oil industries, and the basic metal industry the capital intensity of which is higher than average, have increased their proportional shares in total production.

In the next few years we can expect the emergence of a petro-chemical industry. The growth of the basic metal industry has been mainly due to the expansion of state-owned enterprises. The aim has been to replace imports by domestic production and at the same time to

TABLE 3. THE SHARE OF VARIOUS MANUFACTURING SECTORS IN TOTAL MANUFACTURING MEASURED BY THE GROSS VALUE OF PRODUCTION

	1954	1959	1964	1969
	Per cent			
Wood industry	12.1	8.6	8.8	7.6
Sawn goods	7.5	5.6	5.4	3.9
Plywood and chipboard	1.9	1.5	1.6	1.8
Furniture	0.6	0.6	0.7	0.8
Other wood products	2.1	1.0	1.2	1.1
Paper industry	16.1	17.9	19.8	18.6
Pulp	8.2	8.4	9.7	7.9
Paper and paper board	6.6	8.0	8.4	8.9
Paper and paper board articles	1.4	1.5	1.7	1.8
Metal industry	22.6	22.0	22.5	25.4
Iron and steel	2.1	2.2	2.4	2.5
Other metals	2.9	3.3	3.0	4.3
Metal products	4.0	3.6	3.2	5.0
Machinery and equipment	5.5	5.1	5.4	5.9
Electrical machinery and equipment	2.8	1.9	2.8	2.0
Vehicles	5.4	5.8	5.7	5.7
Chemical industry	4.8	5.9	6.1	7.1
Artificial fibres	0.5	0.3	0.4	0.4
Laquer and paint	0.5	0.5	0.5	0.4
Medical and pharmaceutical articles	0.4	0.4	0.4	0.5
Techno-chemical products	0.7	0.7	0.8	0.7
Fertilizers	0.8	1.0	1.0	0.7
Mineral oil and asphalt	—	0.8	1.1	2.3
Other chemical products	2.0	2.1	2.0	2.1
Foodstuffs industry	24.5	27.8	26.1	24.7
Dairy produce	7.9	10.3	10.2	9.1
Other foodstuffs	14.5	15.7	14.2	13.6
Beverages and tobacco	2.2	1.8	1.7	2.0
Textile industry	10.0	8.6	6.9	6.3
Fabrics	3.9	2.7	2.1	1.8
Clothing	3.6	3.3	3.0	2.6
Other textiles	0.8	0.6	0.6	0.6
Tricot goods	1.6	1.4	1.2	1.3
Leather and leathersgoods industry	0.7	0.5	0.3	0.4
Rubber industry	0.9	0.7	0.6	0.8
Footwear industry	1.2	1.0	0.8	0.7
Glass and ceramics	0.7	0.6	0.5	0.5
Other manufactures	6.4	6.4	7.6	8.0

raise the degree of processing of the basic metal industry and to have domestic raw steel processed in the home country. The endeavours to broaden the structure of production and to cut down imports in this way have resulted in the expansion of capital-intensive fields.

intensive fields whereas the growth in capital-intensive sectors seems to be largely due to efforts to replace imports.

TABLE 4. GROWTH PATTERN OF SOME MANUFACTURING SECTORS PER CENT¹

	I 1954—65	II 1961—69	III 1965—69
Paper industry	+9.6	+ 5.9	+ 7.2
Leather industry	—0	+ 3.0	+ 5.1
Textile industry	+2.3	+ 3.5	+12.7
Footwear and clothing industry	+2.4	+2.6	+10.0
Other manufacturing	+8.1	+11.6	+22.0
Beverages industry	+ 3.1	+10.0	+24.7
Electrical machinery	+6.8	+ 4.5	+12.2
Production of machinery	+5.4	+ 3.3	+ 9.2
Total manufacturing	+6.1	+ 5.6	+ 9.4

¹ The comparison of column III has to be made with the growth rate of total manufacturing, which due to cyclical factors, tends to be rather high.

On the other hand Table 4 also indicates the growth of several labour-intensive sectors over the period reviewed. In 1954—65 their growth rate has been substantially below the average in total manufacturing while in 1965—69 it has exceeded the average. As regards the production of electrical machinery and the production of machinery we can see that after some years of slow growth in the beginning of the 1960's the higher level that had prevailed in 1954—65 was re-established. The diversification of export demand has thus probably contributed to the expansion of some labour-

RATIONALIZATION

The liberalization of foreign trade produces a challenge to industry in the form of tighter competition. An economy like Finland's having a small domestic market greatly needed to rationalize as trade was liberated. Hence there was a sharp increase in rationalization in the latter half of the 1960's, when the liberalization measures can be assumed to have exerted their full influence.

It has been estimated that rationalization has been greatest in the textile, clothing, leather and rubber industries, followed by the chemical industry and the manufacture of metal products. In the 1960's the need for rationalization has been smallest in the wood-processing industry.

CONCLUSION

There are three important factors which have been taken into consideration in Finnish trade policy: 1) the safeguarding of the competitive position of the products of the wood-processing industry, 2) the maintenance of a free market with West-European trading partners especially with the Nordic countries, through which diversification and expansion of exports can be accelerated, and 3) continuation of trade with the Eastern Bloc, which is important from the point of view of the balance of payments and, in addition, facilitates long-term planning.

ITEMS

Foreign investment in 1970. Figures given here are based on statistics covering permits granted by the Bank of Finland.

TABLE 1. FOREIGN INVESTMENT IN FINLAND, 1968—1970

	1968	1969	1970
	Million marks		
Direct investment from			
EFTA	19.1	88.2	19.6
EEC	5.6	1.5	19.7
Other countries	2.5	3.8	6.9
Total	27.2	93.5	46.1
of which to industry	9.0	47.0	12.7
commerce etc.	18.2	46.5	33.4
Loans to Finnish subsidiaries			
(gross)	27.4	24.3	35.9
Total investment	54.6	117.8	82.0
Number of permits granted	96	107	129

The table shows that foreign direct investment amounted to 46 million marks in 1970 compared with 94 million one year earlier. As the figure recorded for 1969 is exceptionally high, mainly due to the establishment of the Saab-Valmet car factory in Finland, it may be said that the inflow of investment capital in 1970 remained roughly unchanged whereas the number of applications for permits increased. The table further indicates that only investment from EFTA countries has decreased, due in fact to a decline in Swedish investments. In 1970 Swedish firms invested in Finland less than 12 million marks compared with 83 million in 1969. This not only appears low by comparison with the exceptionally high 1969 figure mentioned earlier, but probably also reflects the policy of restraint adopted by the Swedish authorities in granting permits. On the other hand investment from other EFTA countries, EEC countries and other countries outside these areas has in-

creased considerably. Of this foreign capital one third has gone into industrial production whereas two thirds was invested in commerce and other service sectors.

TABLE 2. FINNISH INVESTMENT ABROAD, 1968—1970

	1968	1969	1970
	Million marks		
Direct investment in			
EFTA	2.6	13.4	16.3
EEC	21.6	11.4	12.7
Other countries	62.2	21.2	8.0
Total	86.4	46.0	37.0
Loans to subsidiaries abroad			
(gross)	15.3	32.5	182.3
Total investment	101.7	78.6	219.3
of which to industry	90.8	60.9	185.8
commerce etc.	10.9	17.7	33.5

Finnish direct investment abroad amounted to 37 million marks in 1970 which means a decrease by comparison with the two previous years. The fall was mainly caused by lower Finnish investment outside Europe, specifically in Canada. Investment in the EFTA and EEC areas has risen somewhat. The picture is quite different if loans granted by Finnish firms to their subsidiaries abroad are included. As shown in table 2 the amount of loans granted rose considerably in 1970. The main part of the loans were to the Eurocan wood-processing complex in Canada. This did not entail a net capital outflow from Finland as Finnish firms raised funds on the Euro-market and directed them to their subsidiaries.

A considerable part of total Finnish investment abroad (incl. loans) was made to industrial enterprises. Of direct investment about two fifths went to industrial production, whereas three fifths went to commerce and other service sectors.

Trade agreements. A five-year (1971—1975) agreement concerning the exchange of goods between Finland and Poland was signed in Helsinki on December 4, 1970. On the same date an agreement was signed regulating the exchange of goods for the year 1971. The Finnish export list includes cellulose, craft sack paper, paper boards, various papers, machinery and appliances, iron ore, zinc concentrates, chemical products, sawn timber and softwood sleepers, textiles, pharmaceutical preparations and milk powder. The import list comprises coal and coke, rolled products, machinery and appliances, agricultural products, sugar, textiles and leather goods. — In 1971 payments will be made in convertible currencies.

On December 4, 1970, an agreement was signed in Prague between Finland and Czechoslovakia for 1971. Finland's export list includes cellulose, paper, cardboard and products therefrom, machinery and appliances, minerals, chemical industry products, special steel and textiles. Her import list includes rolled products, machines, various textiles and chemicals. — In 1971 payments will be made in convertible currencies.

Suomen Vientiluotto Oy (Finnish Export Credit Ltd.) has been granted a 12 million dollar loan by a banking consortium headed by White, Weld & Co. Ltd., London. The loan period is 5 years starting December 15, 1970 and the rate of interest is $8\frac{3}{4}$ per cent. The price of issue is $99\frac{1}{4}$ per cent. The bonds are quoted on the Stock Exchange of Luxembourg.

The proceeds of the loan will be used for financing exports of Finnish industrial products.

Domestic bond issues. The Government has announced the following bond issues.

The 1970 issue of $7\frac{1}{2}$ per cent bonds for subscription by the banking institutions, totalling 60 million marks. The loan is current for a period of 5 years starting December 31, 1970. It is issued at par.

The 1970 issue of 8 per cent bonds for subscription by the banking institutions. The loan amounts to 50.5 million marks and the loan period is 10 years starting December 31, 1970. It is issued at par.

The 1971 issue of bonds for subscription by insurance companies, totalling 44 million marks. The loan is current for a period of 6 years starting January 4, 1971, and carries interest at a rate of $8\frac{1}{4}$ per cent. The price of issue is 100 per cent.

The following two loans are intended for public subscription.

The 1971 issue of $7\frac{1}{2}$ per cent bonds of 100 million marks. The period of currency is 4 years starting January 4, 1971.

The 1971 issue of 8 per cent bonds of 25 million marks. The period of currency is 10 years starting January 4, 1971.

The bonds of these two loans are tax-exempt for persons and the undistributed estates of deceased persons over the years 1971—1975 and 1971—1981 respectively. The price of issue is 100 per cent.

The 1971 issue of Employment Bonds for 26 million marks. The bonds will run, starting from January 15, 1971, for ten years at a rate of $8\frac{1}{2}$ per cent. The loan is issued at par.

The Real Estate Bank of Finland Ltd. has been authorized to launch two bond issues of 10 million marks each. The bonds of the one issue will run for 10 years starting December 15, 1970, and carry interest at a rate of 8 per cent. The loan period of the other issue is 24 years starting December 20, 1970. The rate of interest is $7\frac{3}{4}$ per cent. The bank has also been authorized to make an issue of 5 million. The loan period is 5 years starting January 15, 1971 and the rate of interest $7\frac{1}{2}$ per cent. The loans are priced at par.

The Land and Industry Real Estate Bank Ltd. has been authorized to make two issues of 5

and 10 million respectively. The loan period of the 5 million issue is 5 years starting January 15, 1971 and the rate of interest is 7 ½ per cent. The bonds of the 10 million issue are dated February 15, 1971 and will run for a period of 10 years at a rate of 8 ¼ per cent. The loans are issued at par.

Kemi Oy (woodworking and related industries) has been authorized to make an issue to the value of 10 million marks. The currency period is 10 years starting February 1, 1971 and the rate of interest 8 per cent. The loan is issued at par.

BANK OF FINLAND

Board of management

Mauno Koivisto

Governor

A. Simonen

Ahti Karjalainen

Absent as Prime Minister

Heikki Valvanne

Jaakko Lassila

Timo Helelä

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

Organization

Helge Lindström

Credits

A. Nenonen

Foreign correspondence

K. Eirola

Automatic Data Processing

K. Ignatius

Personnel

Eino Suomela

Internal Audit

Stig Törnroth

Cash

Institute for economic research

Pertti Kukkonen

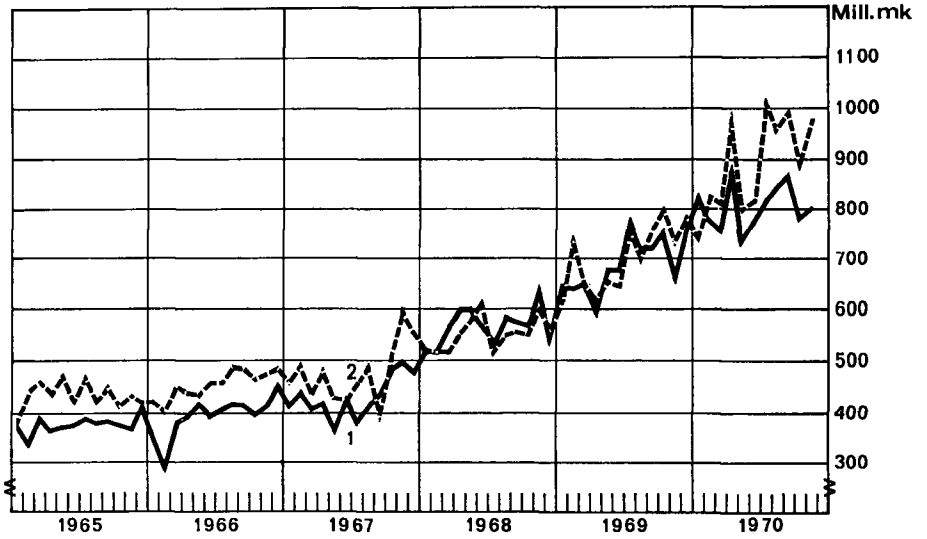
Director

Markku Puntila

Head of department

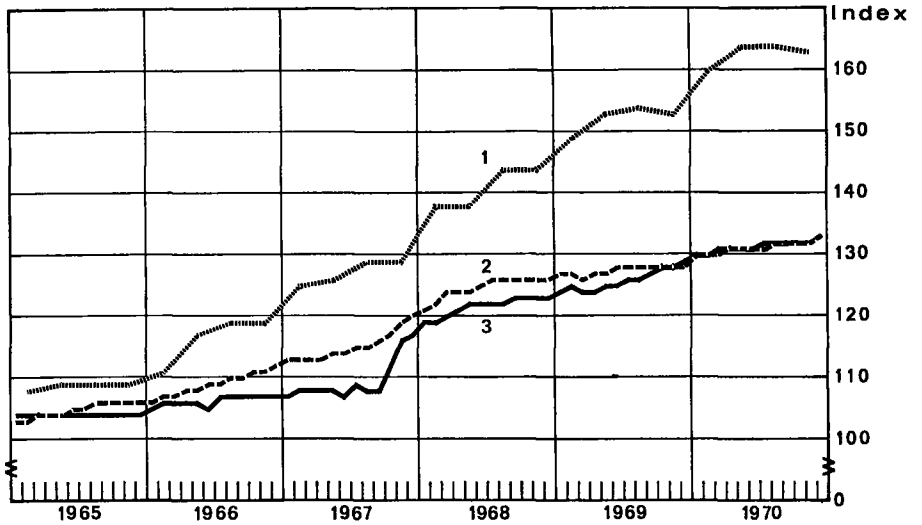
Foreign trade, 1965-1970

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

