



BANK OF FINLAND

Monthly Bulletin

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of the 1971 accounts**

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their development in Finland**

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January—September 1971

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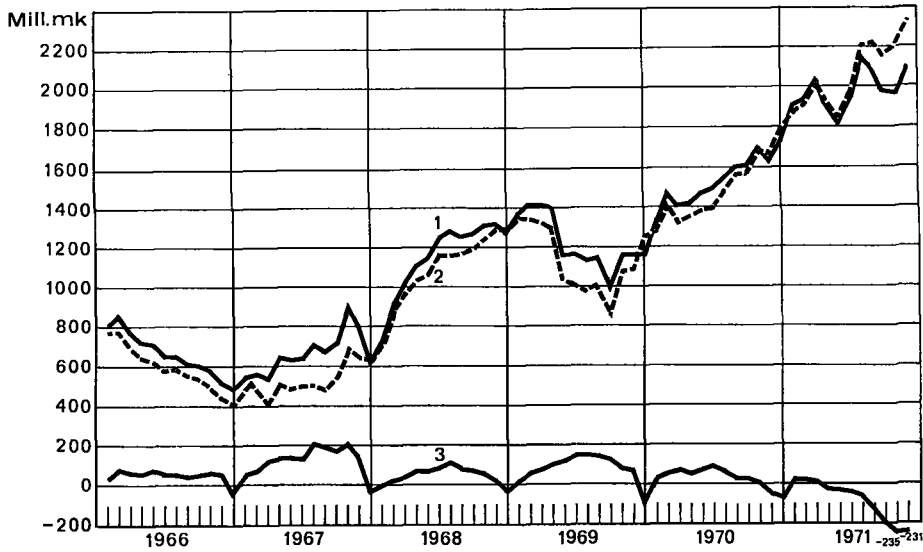
The Bank's new director

Bank of Finland's head office reorganized

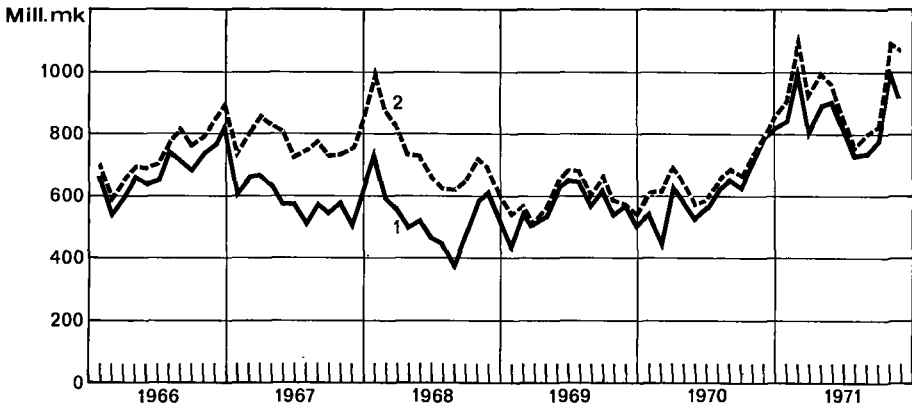
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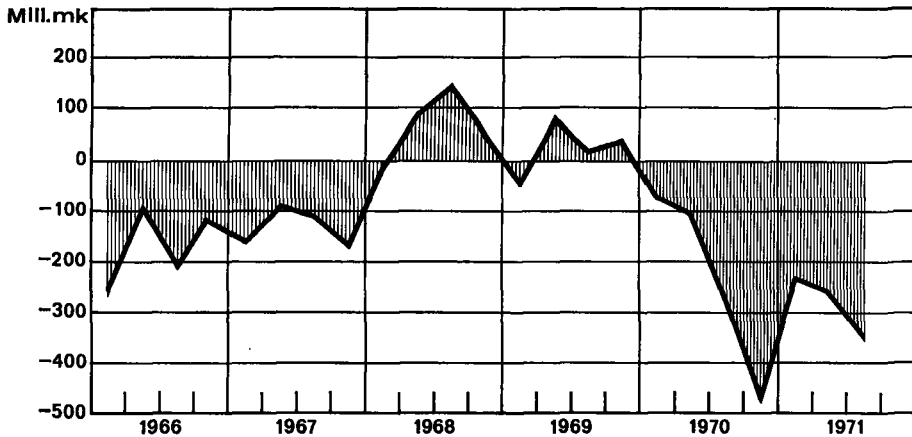
Bank of Finland foreign exchange reserve, 1966-1971



Bank of Finland's position in regard to the banks, 1966-1971



Balance of payments current account surplus/deficit, 1966-1971



ON THE OCCASION OF THE CLOSING OF THE 1971 ACCOUNTS

the Governor of the Bank of Finland, Dr. Mauno Koivisto, has made the following statement

The growth of production which slowed down towards the end of 1970 halted almost completely in 1971. The deterioration of export demand and a number of labour conflicts pressed down the growth rate. The main targets of economic policy were not reached in the expected way. While the employment situation was satisfactory during the year, unemployment increased towards the end of it. The price level rose considerably faster than in the two previous years. According to preliminary figures the current account deficit increased on that of the previous year.

The downturn in the cycle required a re-assessment of the goals set for economic policy and these new goals were in part contradictory. It was necessary on the one hand to try to limit the current account deficit and encourage the inflow of capital. On the other hand, there was reason to promote investment activity and employment. The prevailing cost and price pressures and continuing price increases made economic policy decisions more difficult.

One of the targets for the increase in the general interest rate level effected in May and the reduction of consumer credits was to safeguard the external position. The increase in the credit quotas of the commercial banks with the central bank at the beginning of October and, preceding this, the Government's decision to release the counter-cyclical funds of the private sector were aimed at stimulating investment towards the end of 1971 and especially in 1972. At the end of the year the general interest level was lowered by 3/4 of a percentage point for the same reason. The purpose of this measure was also to reduce cost and price pressures and to facilitate the negotiations on incomes policy in spring 1972.

International economic developments in 1971 were characterized by uncertainty in the inter-

national foreign exchange market, especially after the suspension of the convertibility of the U.S. dollar into gold in August 1971. Following this the Bank of Finland also adopted floating exchange rates. During the autumn the value of the Finnmark rose with respect to the U.S. dollar. However, this rise was considerably less than that of the currencies of countries most important for Finland's trade. Thus the external value of the Finnmark declined on average in comparison with the value prevailing at the beginning of May. When the currency re-alignment took place in December the Bank of Finland decided to apply a temporary central rate of 4.10 Finnmarks per dollar.

As a result of the international economic downswing the volume of Finnish commodity exports declined in 1971. The volume of imports was also slightly smaller in 1971 than in 1970. As prices rose vigorously, the value of exports was roughly the same as in the previous year while the value of imports increased clearly.

Because of weakened investment activity the international capital market was relatively easy throughout 1971. The current account deficit was primarily covered by the net inflow of long-term foreign capital, which in addition, accounted for an increase of 555 million marks in the gold and foreign exchange reserves of the Bank of Finland. This meant an improvement in the country's foreign liquidity position. Finland's gold and foreign exchange reserves increased by 788 million marks. The allocation of Special Drawing Rights accounted for 85 million marks of this.

During the first two months of the year the accrual of counter-cyclical and investment deposits of the private sector was 32 million marks. In October firms began to use these

reserves, and a total of 70 million marks had been drawn by the end of the year. At the end of the year, unused counter-cyclical and investment deposits totalled 292 million marks.

The commercial banks' liabilities to the Bank of Finland at the end of 1971 were almost the same as one year earlier: their net liabilities rose from 838 million marks to 840 million marks.

As regards the financial arrangements between the Bank of Finland and the State, unused export levy funds declined from 118 million marks to 15 million marks. Unused counter-cyclical taxes which accrued during the year totalled 114 million marks at the end of 1971. The Government made a 150 million mark transfer to its own counter-cyclical fund in the

first part of 1971. At the end of the year 9 million marks of this was in an account at the Bank of Finland while the remainder had been invested in foreign assets by the Bank.

Direct lending to enterprises by the Bank of Finland grew by 57 million marks during the year. Of total direct lending »new export» credits accounted for 37 million marks and domestic suppliers' credits for 174 million marks at the end of the year. As for the development of the other items in the Bank's balance sheet it may be mentioned that the total of deposit certificates increased from 203 million marks to 400 million marks. The portfolio of domestic bonds declined by 26 million marks. The profits of the Bank of Finland for 1971 were 84 million marks.

January 4, 1972.

BANK OF FINLAND

Mill. mk

	1970		1971			
	Dec. 31	Nov. 30	Dec. 8	Dec. 15	Dec. 23	Dec. 31
Assets						
Gold and other foreign assets	1 965	2 502	2 628	2 659	2 781	2 776
Gold	121	205	205	205	205	205
Special drawing rights	98	197	197	197	197	197
IMF gold tranche	281	268	268	268	268	268
Foreign exchange	1 344	1 694	1 814	1 842	1 970	1 950
Foreign bills	85	99	108	111	105	119
Foreign bonds	36	39	36	36	36	37
Claims on domestic banks	839	1 129	1 011	1 054	921	849
Discounted bills	827	1 109	987	1 039	898	848
Rediscounted bills	9	1	1	1	1	1
Cheque accounts	3	19	23	14	22	—
Other lending	283	344	354	365	342	340
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	137	152	159	169	131	121
Loans	146	192	195	196	211	219
Other assets	689	714	725	721	778	597
Finnish bonds	64	153	165	163	222	38
Finnish coin	8	17	16	14	12	14
Currency subscription to Finland's quota in the IMF	518	530	530	530	530	530
Other claims	99	14	14	14	14	15
Total	3 776	4 689	4 718	4 799	4 822	4 562
Liabilities						
Notes in circulation	1 344	1 396	1 471	1 555	1 610	1 479
Liabilities payable on demand	126	477	479	474	401	358
Foreign exchange accounts	94	233	256	270	352	297
Mark accounts of holders abroad	12	28	31	31	30	30
Cheque accounts						
Treasury	2	39	34	34	0	2
Post Office Bank	4	162	143	125	1	2
Private banks	1	—	—	—	—	9
Other	3	3	3	2	2	3
Other sight liabilities	10	12	12	12	16	15
Term liabilities	633	1 004	997	989	1 019	905
Foreign	—	—	—	—	—	—
Domestic	633	1 004	997	989	1 019	905
IMF mark accounts	518	530	530	530	530	530
Allocations of special drawing rights	88	173	173	173	173	174
Equalization accounts	404	407	363	369	377	400
Bank's own funds	663	702	705	709	712	716
Capital	600	600	600	600	600	600
Reserve fund	0	32	32	32	32	32
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	63	70	73	77	80	84
Total	3 776	4 689	4 718	4 799	4 822	4 562

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
1965	861	45	816	84	57	843	— 1	1	— 2
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1970									
Sept.	1 696	78	1 618	448	336	1 730	—147	3	—150
Oct.	1 788	74	1 714	431	326	1 819	—141	70	—211
Nov.	1 737	85	1 652	436	326	1 762	—137	62	—199
Dec.	1 844	106	1 738	639	518	1 859	—118	2	—120
1971									
Jan.	1 992	76	1 916	635	518	2 033	—118	2	—120
Feb.	2 024	77	1 947	631	518	2 060	—115	3	—118
March	2 137	86	2 051	642	518	2 175	—115	14	—129
April	2 010	87	1 923	647	526	2 044	—115	2	—117
May	1 888	56	1 832	650	526	1 956	—108	1	—109
June	2 011	59	1 952	653	526	2 079	—107	23	—130
July	2 246	81	2 165	658	530	2 293	—100	43	—143
Aug.	2 250	142	2 108	652	530	2 230	— 98	14	—112
Sept.	2 180	192	1 988	661	530	2 119	— 96	0	— 96
Oct.	2 227	246	1 981	664	530	2 115	— 92	22	—114
Nov.	2 364	261	2 103	668	530	2 241	— 90	39	—129
Dec.	2 620	327	2 293	686	530	2 449	— 15	2	— 17

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1970			Net holdings, Nov. 30, 1971			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Nov.	Jan.—Nov.
	Gold	121	—	121	205	—	205	—
Special drawing rights	98	—	98	197	—	197	—	+99
IMF gold tranche	280	—	280	268	—	268	—	—12
Convertible currencies	1 302	—103	1 199	1 664	246	1 910	+242	+711
Other currencies	—63	—8	—71	—231	— 8	—239	+ 4	—168
Total	1 738	—111	1 627	2 103	238	2 341	+246	+714

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	
1965	—	641	—	12	8	621	76	72	32	116	1 029
1966	—	915	—	14	17	884	180	85	72	193	1 106
1967	—	868	—	155	35	678	197	383	56	524	1 052
1968	—	618	107	163	16	546	186	195	43	338	1 160
1969	—	550	87	93	12	532	192	269	25	436	1 298
1970	827	9	3	1	4	834	137	246	528	-145	1 344
1971	848	1	—	9	2	838	121	234	908	-553	1 479
1970											
Sept.	687	8	23	—	3	715	147	162	551	-242	1 228
Oct.	737	8	13	—	3	755	150	156	663	-357	1 263
Nov.	818	8	46	—	45	827	134	161	674	-379	1 279
Dec.	827	9	3	1	4	834	137	246	528	-145	1 344
1971											
Jan.	731	2	3	—	3	733	123	248	668	-297	1 255
Feb.	848	7	1	—	2	854	101	224	720	-395	1 280
March	785	1	6	—	18	774	95	203	732	-434	1 204
April	856	1	7	—	0	864	93	155	662	-414	1 259
May	893	1	4	—	0	898	164	155	597	-278	1 360
June	877	1	16	—	44	850	209	164	760	-387	1 355
July.	821	1	7	—	62	767	221	186	870	-463	1 341
Aug	785	—	15	—	11	789	214	185	912	-513	1 307
Sept.	866	1	15	—	0	882	180	208	918	-530	1 322
Oct.	1 097	1	5	—	79	1 024	188	207	950	-555	1 373
Nov.	1 109	1	19	—	162	967	152	206	929	-571	1 396
Dec.	848	1	—	9	2	838	121	234	908	-553	1 479

¹ Including special index accounts.

² Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE¹

Mk

December 31, 1971

New York ²	1 \$	4.152	Frankfurt o. M.	100 DM	127.15	Vienna	100 S	17.55
Montreal	1 \$	4.148	Amsterdam	100 Fl	127.85	Lisbon	100 Esc	15.35
London	1 £	10.605	Brussels	100 Fr	9.270	Reykjavik	100 Kr	4.77
Stockholm	100 Kr	85.40	Zurich	100 Fr	106.00	Madrid	100 Pta	6.32
Oslo	100 Kr	61.95	Paris ³	100 FF		Moscow ⁴	1 Rbl	4.960
Copenhagen	100 Kr	58.80	Rome	100 Lit	0.6995			

¹ Rates for New York and Moscow are official, others unofficial.

² As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

³ 79.70 commercial rate; 79.50 financial rate.

⁴ Clearing account; also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

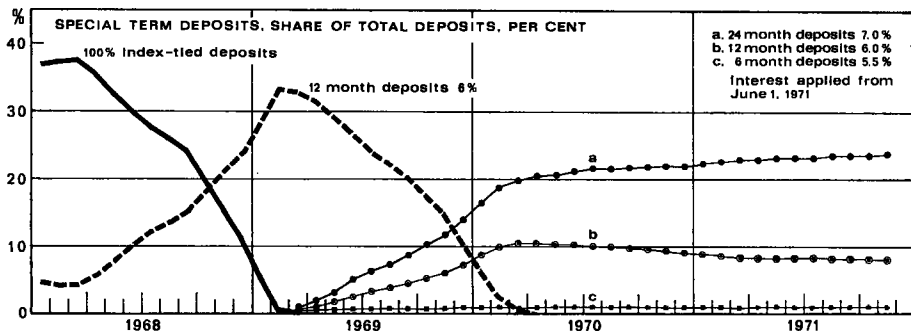
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1963	729.1	876.0	250.3	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	10 361.7
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
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8

1970

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
Dec.	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8

1971*

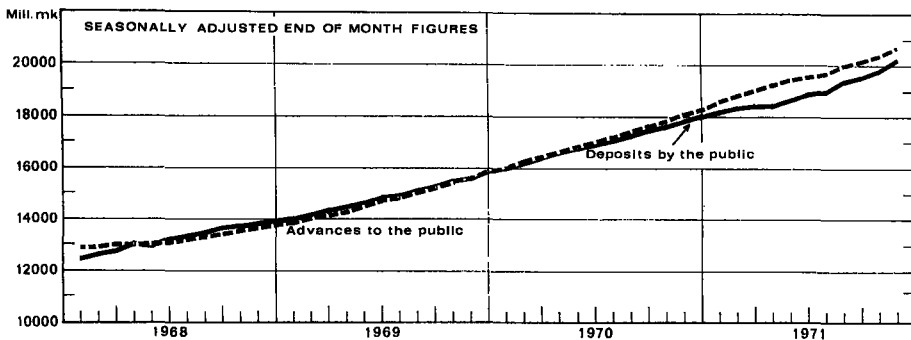
Jan.	1 132.8	1 437.1	656.8	6 139.7	4 903.3	3 514.1	1 309.2	580.7	16 447.0	18 540.9
Feb.	1 060.3	1 356.5	704.4	6 205.8	4 964.7	3 585.4	1 329.3	591.1	16 676.3	18 737.2
March	1 152.7	1 465.9	603.1	6 188.8	4 979.8	3 591.7	1 340.9	593.5	16 694.7	18 763.7
April	1 096.9	1 397.0	570.7	6 215.1	4 986.3	3 611.2	1 343.2	594.6	16 750.4	18 718.1
May	1 227.5	1 540.2	616.6	6 226.3	4 994.8	3 608.6	1 330.7	591.7	16 752.1	18 908.9
June	1 244.2	1 583.8	626.2	6 243.7	4 983.9	3 575.0	1 338.8	589.0	16 730.4	18 940.4
July	1 119.7	1 426.6	555.4	6 277.7	5 015.8	3 593.7	1 324.8	588.8	16 818.8	18 800.8
Aug.	1 201.2	1 542.6	610.4	6 284.1	5 061.4	3 626.3	1 359.5	590.2	16 921.5	19 074.5
Sept.	1 195.8	1 553.2	637.4	6 361.7	5 119.9	3 676.7	1 371.0	608.3	17 137.6	19 328.2
Oct.	1 175.9	1 514.0	612.2	6 425.4	5 177.3	3 720.5	1 390.6	617.8	17 331.6	19 457.8
Nov.	1 322.4	1 663.1	624.3	6 534.2	5 252.3	3 774.1	1 418.9	619.4	17 598.9	19 886.3



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	Co-op. banks	Post Office Bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1963	3 621.3	2 134.5	1 608.9	544.0	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	4 153.2	2 318.0	1 820.7	607.7	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 597.4	2 609.2	2 030.6	716.5	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	5 205.4	2 951.4	2 261.0	783.9	908.8	11 630.7	479.8	12 110.5	2 221.7
1967	5 558.9	3 247.7	2 424.3	869.0	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968	5 865.5	3 448.4	2 600.5	940.3	1 053.0	13 419.5	488.2	13 907.7	2 668.7
1969	6 892.2	3 802.8	2 922.1	1 049.1	1 290.4	15 375.0	581.6	15 956.6	3 138.1
1970	7 963.5	4 342.1	3 403.8	1 244.9	1 454.0	17 749.4	658.9	18 408.3	3 959.6
1970									
Nov.	7 929.1	4 321.3	3 366.9	1 225.6	1 431.2	17 556.6	717.5	18 274.1	3 829.1
Dec.	7 963.5	4 342.1	3 403.8	1 244.9	1 454.0	17 749.4	658.9	18 408.3	3 959.6
1971									
Jan.	8 084.6	4 379.9	3 438.5	1 276.7	1 452.9	17 954.7	677.9	18 632.6	3 939.8
Feb.	8 153.9	4 417.3	3 472.1	1 288.6	1 516.8	18 139.5	709.2	18 848.7	4 016.6
March	8 247.5	4 445.0	3 506.6	1 301.1	1 530.0	18 309.0	721.2	19 030.2	3 935.9
April	8 373.9	4 486.8	3 533.8	1 324.0	1 536.2	18 497.8	756.9	19 254.7	3 816.9
May	8 429.1	4 547.2	3 570.6	1 340.0	1 589.4	18 732.4	743.9	19 476.3	4 048.6
June	8 452.4	4 544.1	3 574.2	1 351.8	1 640.2	18 838.0	724.7	19 562.7	4 167.9
July	8 477.7	4 569.8	3 608.1	1 374.7	1 658.7	18 963.5	725.5	19 689.0	4 153.1
Aug.	8 539.0	4 604.7	3 631.4	1 411.0	1 660.1	19 120.4	725.8	19 846.2	4 280.3
Sept.	8 811.6	4 655.6	3 686.1	1 423.3	1 657.0	19 475.0	758.6	20 233.6	4 315.8
Oct.	8 956.0	4 712.2	3 739.1	1 452.2	1 662.5	19 770.7	751.3	20 522.0	4 429.1
Nov.	9 071.0	4 770.5	3 793.6	1 483.2	1 760.3	20 156.6	722.0	20 878.6	4 519.9



STATE FINANCES

Mill. mk

Revenue	Jan.—Oct.	
	1970	1971
Income and property tax (net)	2 537	2 957
Gross receipts	(5 810)	(6 679)
Refunds & local authorities	(—3 273)	(—3 722)
Other taxes on income and property	52	68
Employers' child allowance payments	542	343
Sales tax	2 227	2 545
Revenue from Alcohol Monopoly	536	638
Customs duties & import charges	380	333
Counter-cyclical tax	—	84
Excise duty on tobacco	353	376
» » on liquid fuel	518	544
Other excise duties	230	262
Tax on autom. and motor cycles	275	250
Stamp duties	186	191
Special diesel etc. vehicles tax	42	46
Other taxes and similar revenue ¹	124	166
Total taxes	8 002	8 803
Miscellaneous revenue	413	507
Interest, dividends etc.	151	200
Sales and depreciation of property	65	74
Redemptions of loans granted	141	185
Total revenue	8 772	9 769
Foreign borrowing	0	7
Domestic borrowing	484	395
Total borrowing	484	402
Deficit (+) or surplus (—)	—438	—702
Total	8 818	9 469

Expenditure	Jan.—Oct.	
	1970	1971
Wages, salaries, pensions etc.	1 491	1 686
Repair and maintenance	231	264
Other consumption expenditure	612	739
Total consumption expenditure	2 334	2 689
State aid to local authorities	1 266	1 382
State aid to industries	1 125	1 093
of which: agric. price subsidies	(822)	(804)
Child allowances	233	261
Share in national pensions and health insurance	344	151
Other transfer expenditure	867	991
Total transfer expenditure	3 835	3 878
Machinery and equipment	252	280
House construction	215	178
Land and waterway construction	536	578
Total real investment	1 003	1 036
Interest on State debt	199	201
Index compensations	24	22
Net deficit of State enterprises	51	141
Other expenditure	6	7
Total other expenditure	280	371
Increase in inventories	+12	+41
Lending	547	634
Other financial investment	211	346
Total expenditure	8 222	8 995
Redemption of foreign loans	113	107
Redemption of domestic loans	483	367
Total redemptions	596	474
Total	8 818	9 469

¹ Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1968	1969	1970	1971			
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
Foreign debt	2 074	1 656	1 557	1 533	1 532	1 515	1 514
Loans	2 160	2 316	2 437	2 494	2 487	2 458	2 390
Compensatory obligations	5	4	3	2	2	2	2
Short-term credit	320	158	46	50	70	68	..
Cash debt (net)	— 256	— 217	—284	—586	—605	—479	..
Domestic debt	2 229	2 261	2 202	1 960	1 954	2 049	..
Total State debt	4 303	3 917	3 759	3 493	3 486	3 564	..
Total debt, mill. \$	1 028	933	900	837	838	856	..

FOREIGN TRADE

Mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
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	8 344.7	8 504.8	-160.1
1970	9 686.7	11 071.4	-1 384.7

Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1966	122	135	112	104	108
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106

1970			
Dec.	914.4	1 412.0	-497.6

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

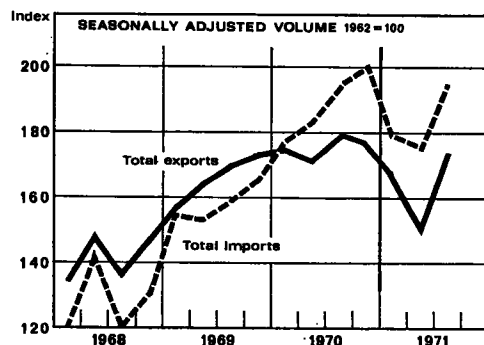
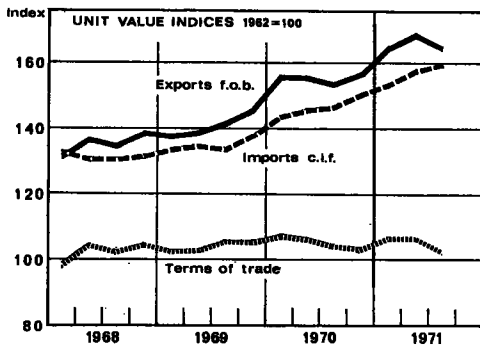
1971*			
Jan.	867.9	878.7	- 10.8
Feb.	655.7	735.6	- 79.9
March	656.5	914.3	-257.8
April	693.8	959.6	-265.8
May	778.6	1 022.8	-244.2
June	830.6	807.9	+ 22.7
July	847.3	868.4	- 21.1
Aug.	809.6	881.2	- 71.6
Sept.	858.1	1 108.6	-250.5
Oct.	921.1	1 074.6	-153.5

1970					
Jan.-Mar.	152	162	156	144	108
Apr.-June	178	189	156	146	107
July-Sept.	182	186	154	147	105
Oct.-Dec.	193	228	157	151	104

Jan.-Oct.			
1970	7 922.6	8 667.9	- 745.3
1971*	7 919.2	9 251.7	-1 332.5

1971 ¹					
Jan.-Mar.	149	167	165	154	107
Apr.-June	154	179	169	158	107
July-Sept.	173	182	165	160	103

¹ The 1971 figures have been calculated by converting the final 1970 Fisher index with the percentage change in the 1971-1970 Laspeyres index.



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
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	866.7	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	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970	426.3	88.0	1 544.0	3 789.4	2 437.2	1 401.8	4 918.2	1 243.4	2 905.5	2 004.3

1970

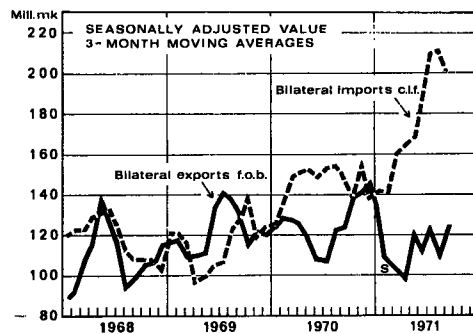
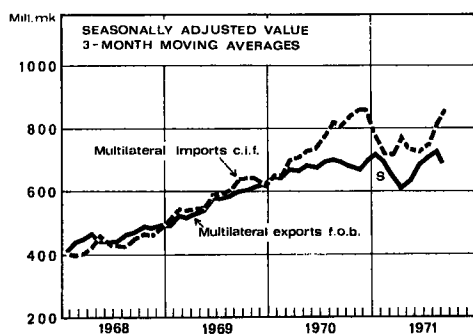
Nov.	29.6	6.6	145.7	312.1	234.4	121.3	421.4	134.2	265.6	170.3
Dec.	52.3	7.2	153.6	326.2	262.3	112.8	617.7	136.6	458.6	199.1

1971*

Jan.	57.9	4.3	115.2	305.1	276.9	108.5	368.9	96.5	258.7	154.6
Feb.	29.0	1.2	82.8	303.7	125.8	113.2	288.6	79.7	221.9	145.4
March	55.2	2.6	92.7	308.5	62.5	135.0	344.2	77.6	301.6	190.9
April	27.1	2.6	116.4	296.6	132.5	118.6	361.2	88.5	315.8	194.1
May	64.1	12.1	133.3	294.6	163.8	110.7	351.4	162.3	352.8	156.3
June	28.3	13.7	155.1	298.3	208.0	127.2	314.6	128.4	220.9	144.0
July	33.0	9.0	159.9	287.8	272.7	84.9	356.4	136.9	224.7	150.4
Aug.	37.9	13.7	148.5	287.5	187.6	134.4	345.0	171.7	213.9	150.6
Sept.	47.5	7.4	149.2	305.6	187.5	160.9	460.0	163.8	277.7	207.1
Oct.	45.0	8.0	166.1	351.0	196.4	154.6	434.3	142.3	317.3	180.7

Jan.-Oct.

1970	344.4	74.2	1 244.7	3 151.1	1 940.4	1 167.8	3 879.1	972.6	2 181.3	1 634.9
1971*	425.0	74.6	1 319.2	3 038.7	1 813.7	1 248.0	3 624.6	1 247.7	2 705.3	1 674.1



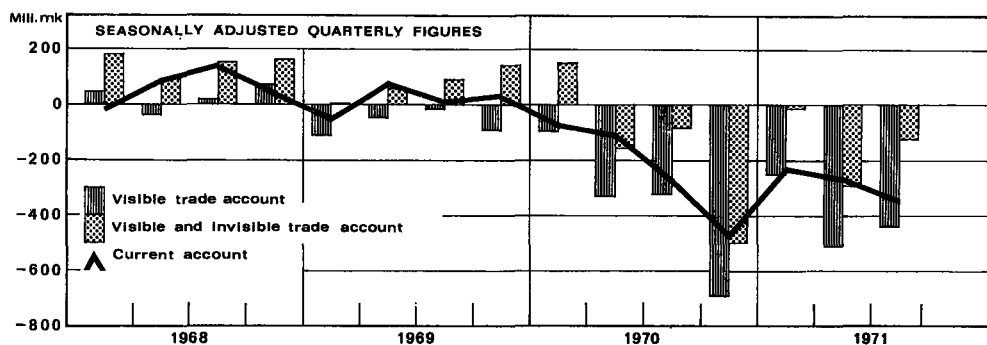
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—October				January—October			
	1970		1971		1970		1971	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.3	5 652.1	72.2	5 718.3	73.7	6 385.0	72.5	6 704.9
Austria	0.8	64.9	1.0	76.2	1.4	117.1	1.5	135.5
Belgium-Luxembourg	2.0	156.7	1.8	142.3	2.0	177.7	1.6	149.9
Denmark	4.1	327.6	4.0	316.9	3.2	281.0	3.2	298.7
France	3.8	298.4	3.8	303.9	3.5	301.9	3.1	287.5
Federal Republic of Germany	10.8	855.3	10.5	831.0	17.1	1 481.7	16.7	1 545.6
Italy	2.3	186.8	2.1	168.5	2.0	171.3	2.0	181.9
Netherlands	4.6	363.4	4.4	349.1	3.7	316.0	3.5	321.0
Norway	3.8	304.1	4.0	317.0	2.4	206.0	2.5	234.7
Portugal	0.4	28.5	0.3	19.0	0.7	65.0	0.6	51.8
Spain	1.0	83.0	0.9	74.0	0.3	27.5	0.7	61.5
Sweden	16.2	1 279.8	16.0	1 267.0	17.7	1 535.3	18.0	1 667.7
Switzerland	1.8	144.3	2.1	168.8	3.5	300.6	3.6	336.4
United Kingdom	17.9	1 415.5	19.2	1 516.1	15.9	1 380.3	15.3	1 410.9
Other	1.8	143.8	2.1	168.5	0.3	23.6	0.2	21.8
OECD countries outside Europe	6.0	477.9	6.2	491.2	5.9	514.0	6.9	640.0
Canada	1.0	78.2	0.7	60.8	0.3	28.0	0.3	26.4
Japan	0.3	22.3	0.2	13.0	2.0	169.5	2.1	195.1
United States	4.7	377.4	5.3	417.4	3.6	316.5	4.5	418.5
Eastern Bloc	14.8	1 173.1	13.9	1 096.0	16.4	1 420.4	18.4	1 698.4
Czechoslovakia	0.6	43.6	0.7	50.3	0.5	42.0	0.5	45.3
Democratic Republic of Germany	0.6	51.1	0.6	48.2	0.6	54.5	0.6	54.6
People's Republic of China	0.6	43.7	0.4	33.7	0.3	20.4	0.4	39.6
Poland	1.2	97.0	1.0	80.4	1.5	132.9	2.1	193.7
Soviet Union	11.0	871.2	10.3	813.8	12.7	1 102.0	14.2	1 307.5
Other	0.8	66.5	0.9	69.6	0.8	68.6	0.6	57.7
Latin America	2.7	210.6	2.3	183.1	2.4	208.7	0.8	75.4
Argentina	0.7	53.9	0.7	54.3	0.1	11.7	0.1	9.2
Brazil	0.5	38.2	0.7	52.5	0.6	55.4	0.1	6.4
Colombia	0.2	14.9	0.2	16.6	0.8	69.1	0.1	9.9
Other	1.3	103.6	0.7	59.7	0.9	72.5	0.5	49.9
Other	5.2	408.9	5.4	430.6	1.6	139.8	1.4	133.0
GRAND TOTAL	100.0	7 922.6	100.0	7 919.2	100.0	8 667.9	100.0	9 251.7
of which								
EFTA countries	45.1	3 574.4	46.6	3 693.9	44.9	3 891.6	45.0	4 146.9
EEC countries	23.5	1 860.7	22.7	1 794.7	28.2	2 448.6	27.0	2 485.9
OECD countries	77.3	6 130.0	78.4	6 209.5	79.6	6 899.0	79.4	7 344.9

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
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
1970	9 634	11 099	—1 465	+716	+142	+17	—590	—397	—18	—1 005
Jan.-Mar										
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 ^f	2 074	2 309	—235	+192	— 9	— 3	— 55	— 86	—11	—152
1971*	2 168	2 536	—368	+198	— 13	+19	—164	—135	— 1	—300
Apr.-June										
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 ^f	2 429	2 721	—292	+180	+ 10	+ 0	—102	— 96	+ 1	—197
1971*	2 291	2 777	—486	+175	+ 47	+21	—243	—118	— 1	—362
July-Sept.										
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 ^f	2 469	2 690	—221	+180	+109	— 4	+ 64	—110	— 1	— 47
1971*	2 502	2 883	—381	+178	+166	+16	— 21	—120	— 4	—145
Oct.-Dec.										
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
1970 ^f	2 662	3 379	—717	+164	+ 32	+24	—497	—105	— 7	—609

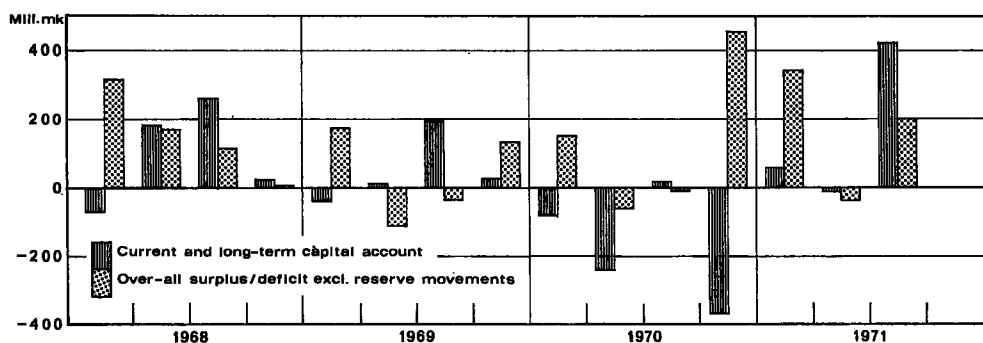


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+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
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 ²	+545	-563	+ 18
+ 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	- 82	- 9	+225	+ 23 ²	+157	-240	+ 83
+ 617	-233	- 5	-20	+359	+ 59	+ 20	+329	- 66 ²	+342	-314	- 28
+ 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	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 600	-202	- 11	-32	+355	- 7	-157	+144	- 17	- 37	+ 99	- 62
+ 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	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 889	-270	- 89	+ 2	+532	+387	- 40	+ 21	-169	+199	- 35	-164
+ 409	-302	- 81	-38	- 12	+ 25	- 25	- 84	+ 85	+ 1	- 12	+ 11
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 88 million in 1970 and 85 million in 1971.



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
1971												
Feb.	308	310	298	306	347	301	344	291	297	142	148	130
March	308	312	297	306	348	302	345	292	297	143	148	133
April	308	311	298	307	352	300	342	293	299	148	164	133
May	309	312	298	307	353	300	340	294	299	149	164	133
June	310	313	300	307	359	303	339	295	303	149	164	133
July	312	315	302	309	359	306	344	296	304	150	164	133
Aug.	315	318	303	310	360	309	349	298	305	150	164	133
Sept.	317	319	307	312	374	309	350	299	309	153	170	136
Oct.	317	320	306	312	375	309	349	299	310	153	170	136
Nov.	319	322	308	314	377	312	354	299	312	153	170	137

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	115	113	113	115
1971												
Feb.	229	180	118	118	117	111	117	138	116	119	115	123
March	231	181	119	119	117	111	118	140	116	120	115	123
April	232	182	120	119	117	111	120	140	116	120	117	124
May	233	183	120	120	117	111	121	140	116	122	117	124
June	237	186	122	121	118	112	127	140	118	126	119	125
July	239	187	123	122	120	112	128	140	119	126	119	125
Aug.	241	189	124	123	121	112	128	141	122	128	120	125
Sept.	243	190	125	125	120	113	130	143	122	129	121	126
Oct.	243	191	125	124	120	114	130	144	123	129	121	126
Nov.	244	192	126	124	120	114	131	144	124	131	123	127

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	162	154	149	155	151	158	150	149	153	151
1970	181	170	170	164	161	165	164	157	169	164
1970										
Jan.-Mar.	181	166	161	162	160	164	160	156	164	160
Apr.-June	180	169	168	163	162	165	165	157	170	164
July-Sept.	180	171	172	164	162	165	166	158	171	165
Oct.-Dec.	187	175	179	165	162	165	168	158	174	167
1971*										
Jan.-Mar.	200	183	184	176	174	176	180	169	185	178
Apr.-June	206	194	193	177	176	177	187	170	196	184
July-Sept.	219	197	196	180	178	180	189	173	197	186

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
1969	123	138	97	102	123	104	124	123	123	123	127
1970*	132	153	94	111	140	98	132	133	129	128	134
1971*	134	151	94	108	137	97	135	139	135	132	140
1970*											
July-Sept.	133	142	170	55	172	100	137	132	129	128	133
Oct.-Dec.	136	163	68	106	176	94	137	145	133	130	136
1971*											
Jan.-Mar.	126	142	57	159	93	93	124	129	133	131	139
Apr.-June	133	154	77	119	125	97	133	140	134	132	140
July-Sept.	135	143	171	53	169	99	142	137	134	132	140
Oct.-Dec.	139	166	69	100	162	98	141	149	140	134	142

PRODUCTION

Index of industrial production 1959 = 100

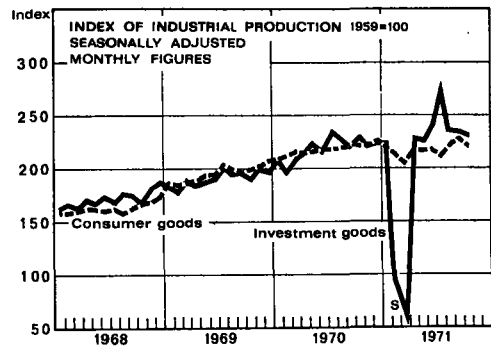
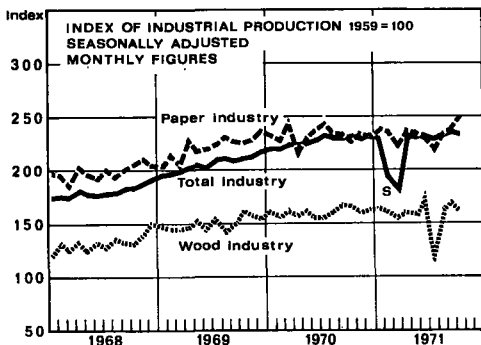
Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1967	172	163	180	158	160	125	187	233	224	168	172
1968	182	175	191	164	163	132	202	253	240	177	181
1969	207	194	214	196	173	151	223	285	281	199	207
1970*	228	222	232	220	190	162	234	328	328	226	228

1970*

July	178	129	192	159	193	136	247	276	314	132	234
Aug.	225	206	227	225	193	131	247	307	338	209	231
Sept.	238	238	239	232	188	165	242	316	347	242	231
Oct.	247	253	250	235	222	172	238	357	358	255	232
Nov	242	247	248	226	213	159	239	350	337	248	230
Dec.	240	242	243	230	198	167	215	374	321	245	233

1971*

Jan.	236	234	243	217	163	168	247	352	324	238	231
Feb.	196	102	202	209	162	166	231	328	315	109	196
March	208	83	212	234	180	187	256	346	318	90	183
April	234	236	233	233	184	175	218	396	296	235	233
May	233	230	236	225	186	170	229	372	319	234	232
June	225	236	221	226	204	171	203	334	322	240	233
July	174	152	185	153	175	104	222	300	283	140	229
Aug.	229	215	229	232	189	134	247	320	333	219	233
Sept.	244	249	245	238	189	166	246	365	330	253	238
Oct.	250	252	256	231	226	169	259	362	341	255	236



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
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	118
1970*	2 195	2 154	41	1.9	39 267	114	130	125
1970*								
Sept.	2 180	2 152	28	1.3	1 894	115	146	131
Oct.	2 171	2 142	29	1.3	2 659	121	142	135
Nov.	2 161	2 131	30	1.4	3 308	116	138	120
Dec.	2 156	2 118	38	1.8	4 719	157	156	125
1971*								
Jan.	2 111	2 061	50	2.4	4 212	96	110	116
Feb.	2 115	2 057	58	2.7	4 932	99	124	103
March	2 122	2 060	62	2.9	5 067	110	138	120
April	2 130	2 073	57	2.7	4 163	119	140	125
May	2 185	2 135	50	2.3	3 157	135	149	119
June	2 347	2 308	39	1.7	2 408	118	133	124
July	2 360	2 315	45	1.9	1 092	129	139	127
Aug.	2 285	2 243	42	1.8	1 290	124	160	130
Sept.	2 194	2 154	40	1.8	1 794	115	149	..
Oct.	2 178	2 137	41	1.9	2 274

CONSTRUCTION OF BUILDINGS

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											
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	32.03	12.85	3.15	10.95	3.32	36.40
1970*	41.42	17.96	3.72	15.56	23.6	37.99	16.12	4.22	12.47	3.31	36.56
1970*											
July-Sept.	11.52	5.12	0.86	4.25	0.72	10.67	4.42	1.52	2.90	1.04	42.55
Oct.-Dec.	9.07	4.23	0.44	3.24	0.78	14.06	5.50	1.72	5.12	1.19	35.98
1971*											
Jan.-Mar.	6.52	2.86	0.52	2.45	0.33	6.55	3.00	0.49	2.19	0.72	32.98
Apr.-June	13.59	5.54	1.59	5.06	0.58	7.89	3.23	0.38	3.46	0.50	37.90
July-Sept.	12.90	6.66	0.61	4.18	0.89	8.78	3.65	1.01	2.64	0.84	40.30

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 index 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 — CONSTRUCTION OF BUILDINGS

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. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED

- * Preliminary
- r Revised
- 0 Less than half the final digit shown
- . Logically impossible
- . . Not available
- Nil
- S affected by strike

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 (1970): 4.6 million. Sweden 8.0, Switzerland 6.3, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1970): In South Finland 43.5, in East and Central Finland 14.2, in North Finland 4.0 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1970): 51% of the population inhabit the rural areas, 49% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 517 000 inhabitants, Tampere (Tammerfors) 156 400, Turku (Åbo) 153 300.

EMPLOYMENT (1970): Agriculture and forestry 23%, industry and construction 35%, commerce 15%, transport and communications 7%, services 20%.

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

EDUCATION (1970): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 8 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1970): births 14.0 ‰, deaths 9.6 ‰, change - 3.7 ‰, net emigration 8.0 ‰. Deaths in France 10.6 ‰ and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1970, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 2 727 (7%), forestry and fishing 2 683 (7%), manufacturing 11 643 (30%), construction 3 667 (10%), transport and communication 3 719 (10%), commerce, banking and insurance 4 733 (12%), public administration 2 228 (8%), ownership of dwellings 1 694 (4%), services 5 328 (14%), total 38 422. Index of real domestic product 131 (1964 = 100).

FOREST RESOURCES (1970). 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 remaining 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 calculated according to the use of wood was 50,7 million cu. m excl. bark (1 791 million cu. ft).

AGRICULTURE (1970): Cultivated land 2.7 million hectares. Number of holdings 297 300, of which 188 400 are of more than 5 ha. Measure of self-sufficiency in bread cereals 123% in the crop year 1969/70.

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 223 for 1970 (1959 = 100).

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

MERCHANT FLEET (Nov. 30, 1971): Steamers 43 (44 867 gross reg. tons), motor vessels 379 (612 501 gross reg. tons), tankers 57 (717 270 gross reg. tons), sailing vessels with auxiliary engines 6 (833 gross reg. tons). Total 485 (1 375 471 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1970): Passenger cars 712 000, lorries and vans 102 900, buses 8 100, others 5 000. Total 828 000.

FINNISH AIRCRAFT (June 1971): Finnish Airlines, Finnair and Kar-Air have in use 3 DC-8-62s, 3 DC-6s, 8 Super Caravelles, 4 DC-9s and 9 Convair Metropolitan. Companies have scheduled traffic outside of Finland to 24 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). Since Dec. 20, 1971 a temporary central rate of 4.10 marks to one U.S. dollar has been applied.

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 sixty-one private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1972). Bank of Finland discount rates 6-9%, the rate for discounts or rediscounts for banks 7³/₄%. Other credit institutions: term deposits 4¹/₄%, 6 month deposits 4³/₄%, 12 month deposits 5¹/₄%, 24 month deposits 6¹/₄%; highest lending rate 11%.

FOREST RESOURCES, FOREST OWNERSHIP AND THEIR DEVELOPMENT IN FINLAND

by Kullervo Kuusela

Professor of Forest Mensuration and Management at the Forest Research Institute

The forest resources of Finland have been surveyed by the Forest Research Institute five times since 1921. The most recent inventory was carried out in 1964—1970. The results of these inventories provide the basis for a description of the forest resources and their development over a period of 50 years.

FOREST RESOURCES

Forest land, which each year can produce at least 1 m³ of wood per hectare, comprises 61.2 per cent of the land area of the country (Table 1 and Figure 1). Forest land area is increasing because of swamp drainage and afforestation of surplus and marginal agricultural land.

Total forestry land (including forest land, poorly productive and waste land) comprises 87.1 per

TABLE 1. LAND CLASS AREAS ACCORDING TO THE RESULTS OF THE FIFTH NATIONAL FOREST INVENTORY IN 1964—1970

Land class	South Finland	North Finland	Total country
	Per cent of land area		
Forest land	68.0	53.6	61.2
Poorly productive land	5.9	18.9	12.0
Waste land	5.2	23.4	13.9
Roads, depots, etc.	0.3	0.2	0.2
Total forestry land	79.4	96.1	87.3
Agricultural land incl. building sites, roads, etc.	18.1	2.9	10.9
Urban areas	1.4	0.3	0.9
Communication routes, power lines etc.	1.1	0.7	0.9
Total other than forestry land	20.6	3.9	12.7
Total	100.0	100.0	100.0
Total land area in 1 000 hectares	16 089	14 459	30 548

cent of the land area. The peat land area comprises 36.7 per cent of the forestry land or 9.8 mill. ha. Poorly productive and waste land swamps comprise the main part, 59.5 per cent of the peat land.

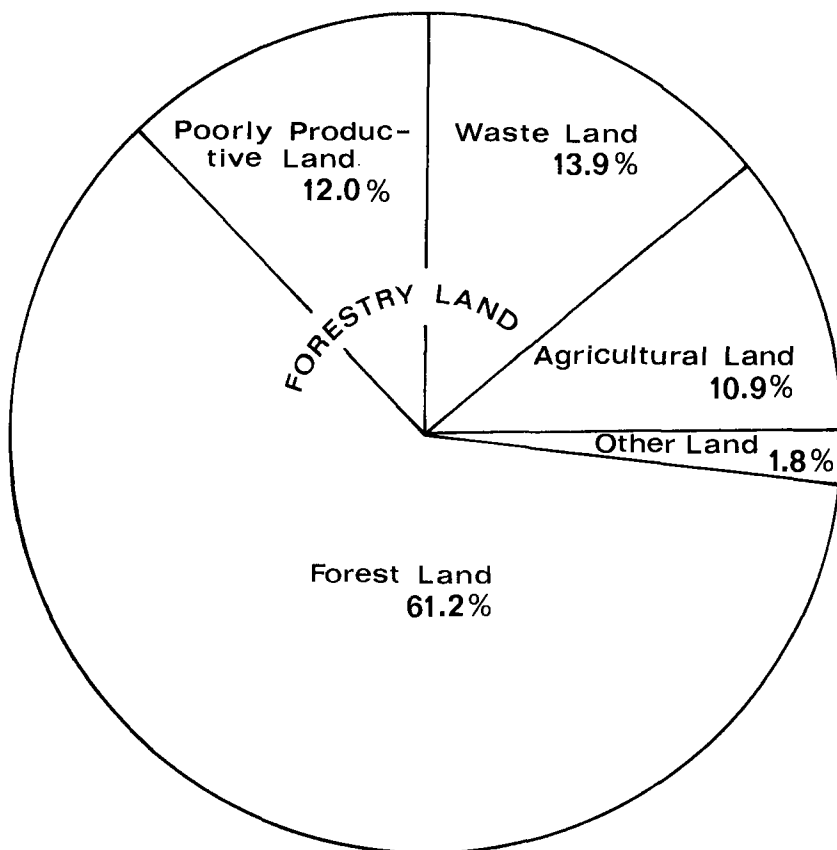
Swamp drainage is the most important forestry land improvement measure which is being implemented at present, and about 300 000 ha are included in the drainage programme each year. At the time of the fifth inventory, on average in 1967, 3.1 mill. ha or 32 per cent of the peat land area was covered by the drainage programme. At the end of 1971 the drainage area covered approximately 4.3 mill. ha of the final target of 7 mill. ha.

The harvesting of timber has been exceptionally heavy during the last 20 years because wood-processing which has been the most important export industry has served as the base for the growth of the entire economy. At the end of the 1960's the total drain of wood from the growing stock (drain includes cutting and mortality) was so great that a quantity equivalent to the cubic volume of the growing stock in South Finland is cut once in 22 years and a quantity equivalent to that in North Finland once in 34 years.

In spite of the comparatively heavy utilization of timber resources during the last 50 years, the volume of the growing stock has not changed much (Figure 2). The total volume in 1944 decreased because parts of eastern territories were ceded according to the terms of the peace treaty after the Second World War.

During the war and up to the beginning of the 1950's, the volume of the growing stock increased because of the low utilization of

FIGURE 1. LAND USE IN FINLAND ACCORDING TO THE RESULTS OF THE FIFTH NATIONAL FOREST INVENTORY IN 1964—1970.¹



¹ Forestry land includes roads, depots, etc. 0.2 per cent.

wood. Since 1960 the drain has exceeded the increment (Figure 7) and the volume of the growing stock has decreased. Over the long term the proportion of spruce is increasing and the proportion of deciduous species, especially birch, decreasing (Figure 2).

Because of intensive forest improvement and silvicultural work the increment has been comparatively great (Figure 3). If the annual drain does not exceed about 50 mill. m³, excluding bark, the increment will grow in the future owing to silvicultural activity. On the basis of the increment and drain relationship for various species of trees, the share of spruce will increase and the share of deciduous trees will decrease more clearly than in the past.

An examination of the age structure of the growing stock on forest land (Figure 4) shows

that the establishment of new stands began in the 1960's. On the other hand, the amount of mature and nearly mature tree stands is great, and the opportunities open for cutting mature timber are good. As a consequence of the age structure development and of the adoption of silvicultural thinning during the 1950's and 1960's, the saw-wood timber resources have increased considerably (Figure 5). From the point of view of costs in mechanized logging, the structure of the growing stock has improved, too.

FOREST OWNERSHIP

The forest ownership conditions and their development are illustrated in Figure 6. The most conspicuous feature in this development is the decreased proportion of the State and

FIGURE 2. DEVELOPMENT OF GROWING STOCK (MILL. M³, INCL. BARK) AND OF THE PROPORTIONS OF TREE SPECIES.

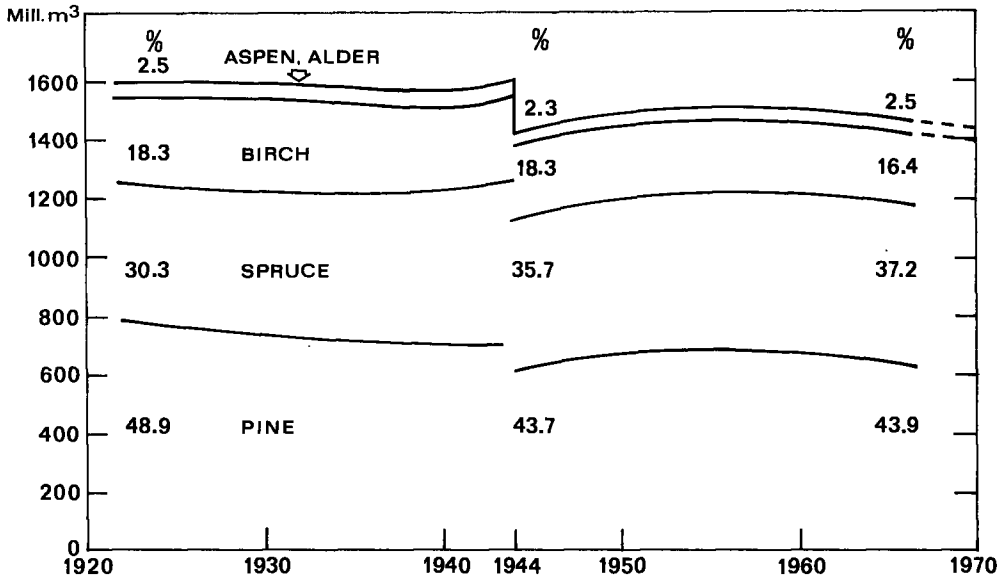


FIGURE 3. DEVELOPMENT OF THE INCREMENT OF GROWING STOCK VOLUME (MILL. M³, EXCL. BARK, PER ANNUM) AND OF THE PROPORTIONS OF TREE SPECIES.

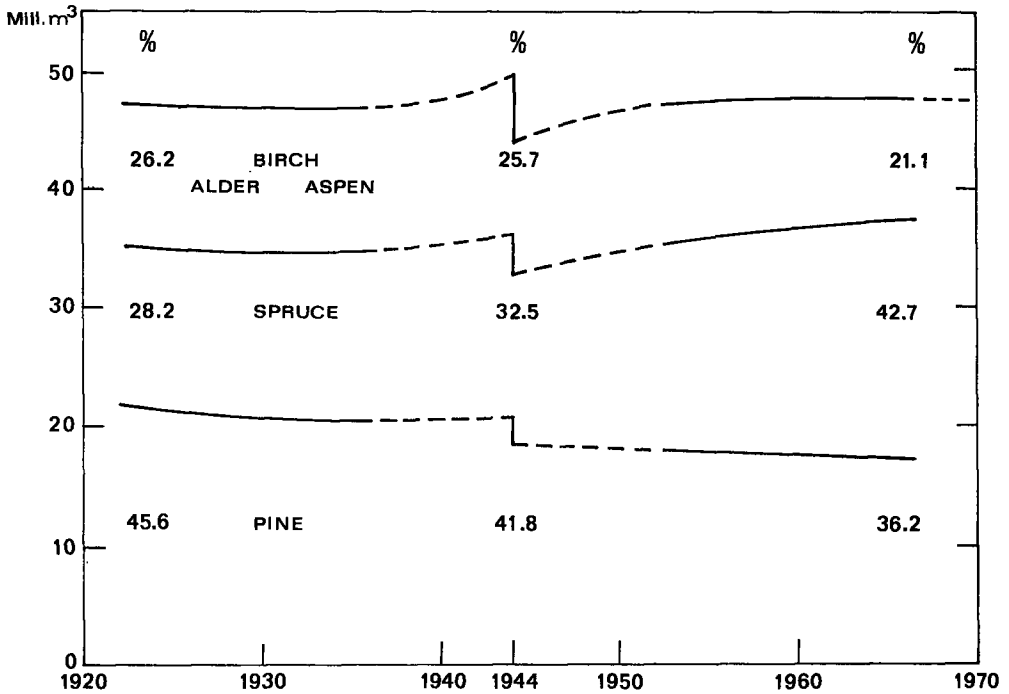


FIGURE 4. DISTRIBUTION OF AGE OF TREE STANDS OF FOREST LAND, ACCORDING TO MEAN AGE OF TREES.

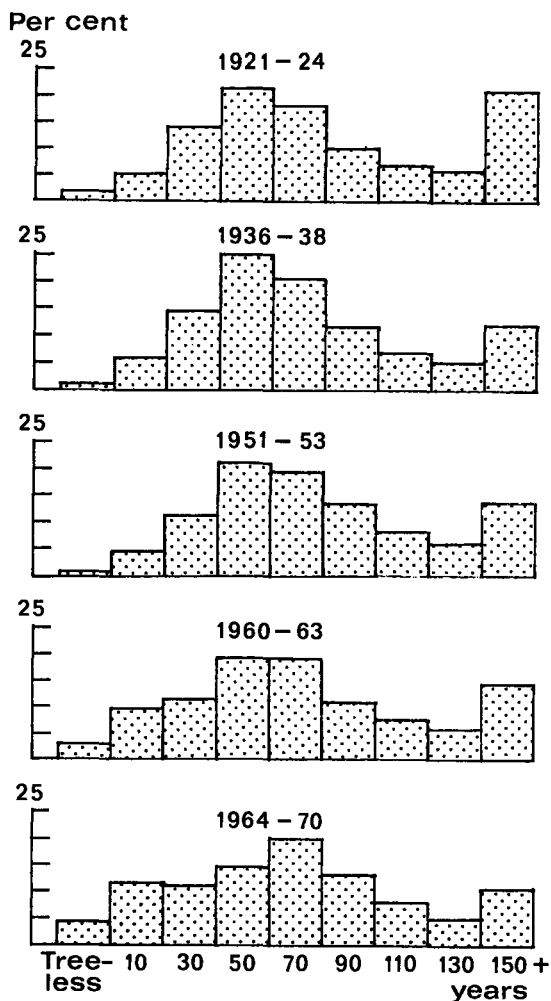
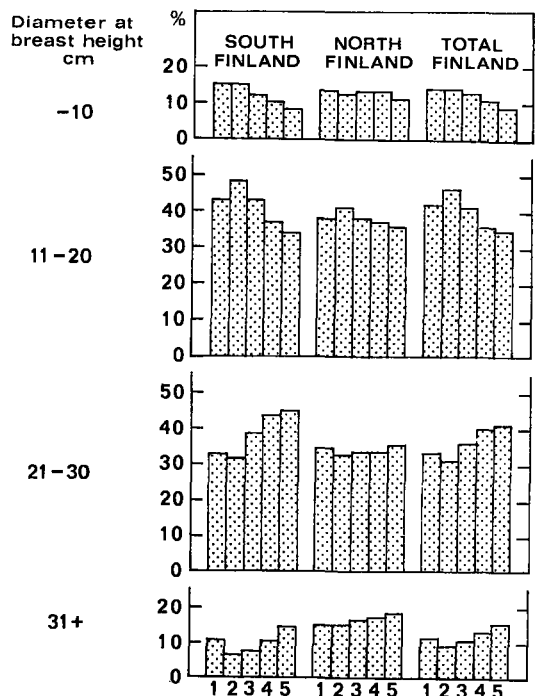


FIGURE 5. GROWING STOCK VOLUME BY BREST HEIGHT DIAMETER CLASSES OF TREES.



1=1921-24, 2=1936-38, 3=1951-53, 4=1960-63, 5=1964-70

company ownership and the increase of private ownership. This change has been caused by the settlement of landless and unemployed people. The settlement activity was very large after the war when new farms were established for the agricultural population moving from the ceded territories. The new farms were established in the parts of the State and company forests which were most fertile and had an abundance of mature timber.

During the last 50 years the area of forest land owned by the State has decreased by 33 per cent and the growing stock volume by 48 per cent. At present the State forests comprise only 12 per cent of total timber producing capacity.

Besides this, State forests are located in the northern and eastern parts of the country where logging is the least advantageous.

Private forests comprise 78 per cent of the timber producing capacity. The forests owned by the forest industrial companies represent 6.1 per cent of this capacity and the forests of local authorities, parishes, foundations and jointly-owned forests represent 3.3 per cent of the timber producing capacity.

TIMBER BALANCE

The increment and allowable drain on the basis of sustained yield are presented in Figure 7

FIGURE 6. DEVELOPMENT OF THE FOREST OWNERSHIP CONDITIONS IN 1920—1970. FORESTRY LAND PROPORTIONS ARE BASED ON THE OWNERSHIP INQUIRIES AND OTHER DATA ON THE INVENTORY RESULTS.

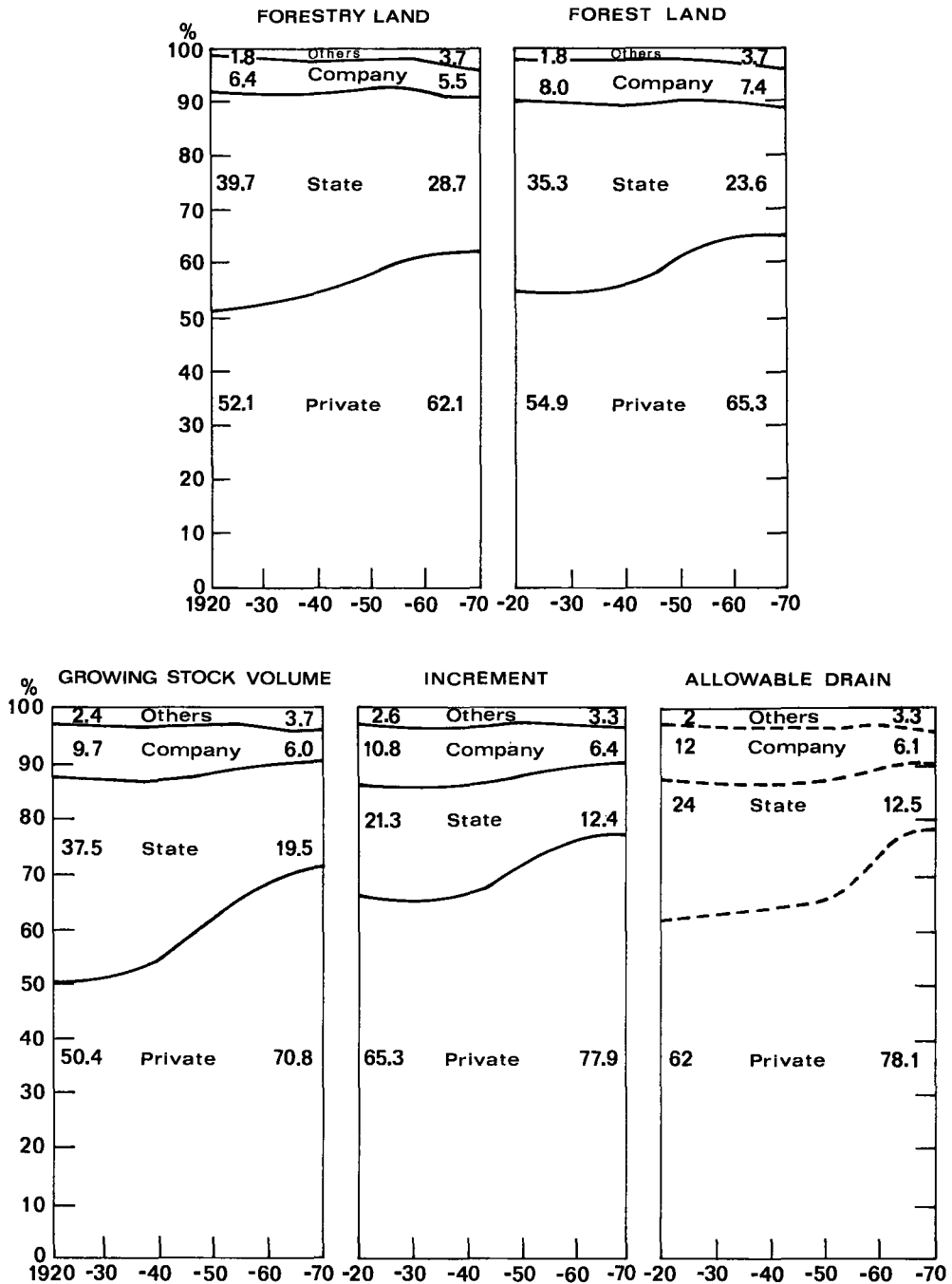
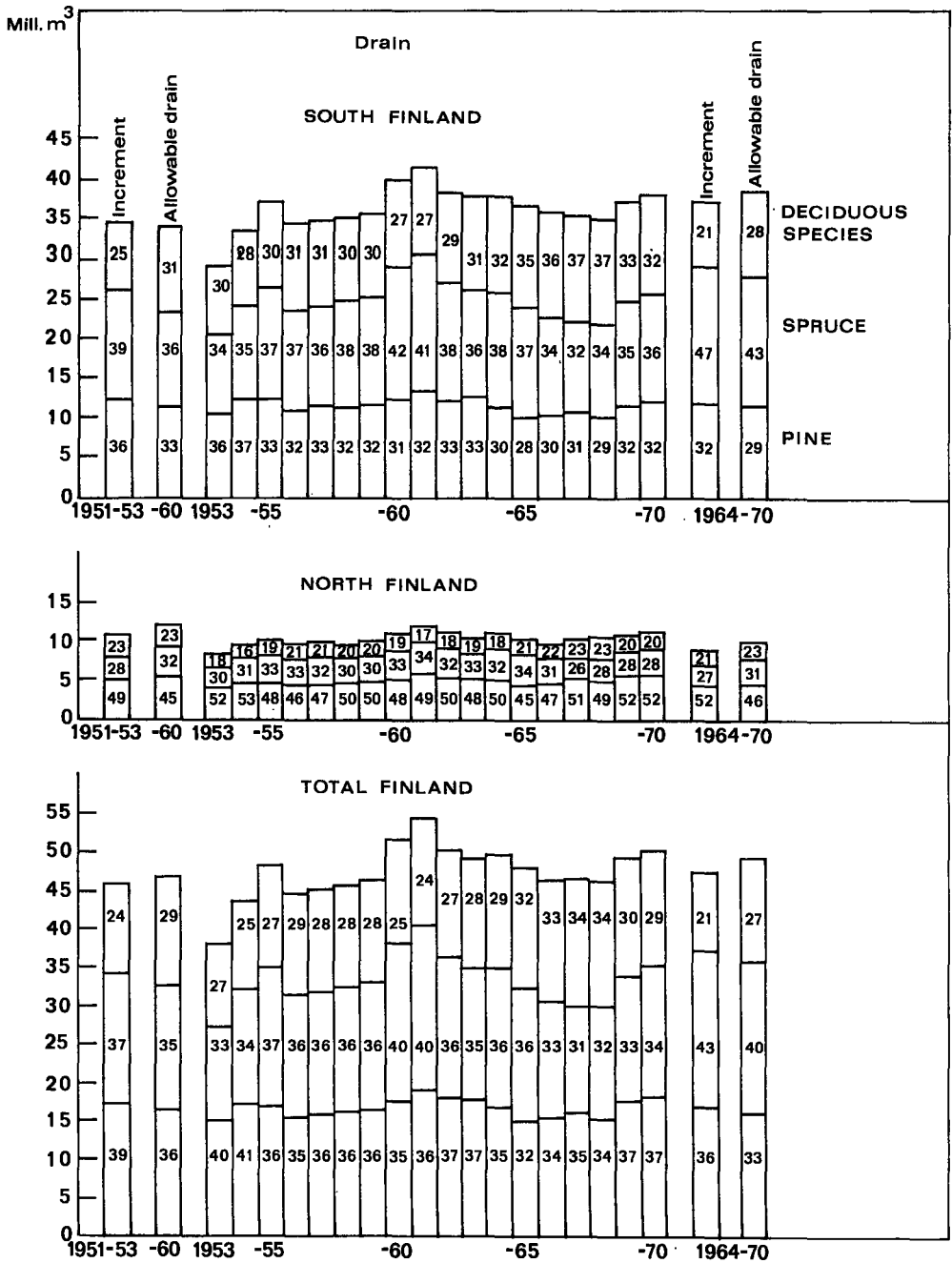


FIGURE 7. INCREMENT AND ALLOWABLE DRAIN ESTIMATES AND THE PER CENT PROPORTIONS OF TREE SPECIES COMPARED WITH THE DRAIN ESTIMATES ACCORDING TO THE WOOD UTILIZATION INVESTIGATIONS, ALL IN MILL. M³ OF STEM WOOD, EXCL. BARK, PER ANNUM.



separately for South and North Finland and for the whole country. The drain estimates are based on the results of wood utilization investigations.

In South Finland the mean annual drain during 1953—1970 more or less equalled the annual increment. Because the increasing capacity of the wood-processing industry the drain can increase up to the allowable drain in the 1970's. The intensive silvicultural and forest improvement work should bring the allowable drain to 39.2 mill. m³, although the increment was only about 37.8 mill. m³ at the end of the 1960's.

The drain of pine equals permissible harvesting; the drain of deciduous species exceeds this and the drain of spruce is smaller than the allowable drain. The amount of birch and other deciduous species available for harvesting will decrease in the future.

In North Finland over-cutting is taking place. On the conditions of sustained yield the drain of pine should decrease by about 1 mill. m³.

On the whole the drain at the end of the 1960's equalled the estimated allowable drain. However, there are large areas in North and South Finland where the drain has exceeded sustainable yield. In other large areas all the allowable cutting has not taken place. Especially in the south-western parts of the country, mature timber is accumulating. This tendency may continue due to the need to reserve a mature timber crop in conservation areas and as a part of the recreational landscape. Because of the uneven distribution of harvestable mature timber over the country, it may be difficult to guarantee sustained yield with an annual drain of 50 mill. m³.

ITEMS

Finland's balance of payments, January-September 1971. According to the preliminary figures of the Bank of Finland Institute for Economic Research, total revenue on current account was 9 109 million marks and total expenditure 9 916 million marks in the first three quarters of 1971. Thus there was a current account deficit of 807 million marks.

The trade account deficit, including adjustment items, amounted to 1 235 million marks in January — September 1971. The deficit can be traced back to a 0.2 per cent decline in the value of total commodity exports on the corresponding period of previous year owing to such factors as the international economic downswing, the strike in the metal industry and the timing of exports to the Eastern Bloc. On the other hand, the value of total commodity imports increased by 6.1 per cent, mainly because of the sharp rise in the prices of fuels and lubricants and imports of investment goods which were exceptionally high in light of the downward tendency prevailing in Finland. The trade deficit caused by differences in the timing of imports from and exports to the Eastern Bloc was 524 million marks. Thus the deficit in the Western trade was 711 million marks, which is approximately 150 million marks more than the corresponding figure for 1970.

The service account surplus totalled 807 million marks in January—September 1971. The deficit in the visible and invisible trade account thus amounted to 428 million marks. Net interest and transfer expenditures of 379 million marks were recorded on current account.

The net inflow of long-term foreign capital increased strongly and totalled 1 246 million marks at the end of September. Short-term foreign capital declined by 20 million marks.

If the 85 million marks of Special Drawing Rights allocated to Finland are taken into account, an overall surplus of 504 million marks is recorded in spite of the current account deficit. This sum corresponds to the increase in the country's gold and foreign exchange reserves in January—September 1971.

Forward exchange markets. As of December 13, 1971, the Bank of Finland started to quote forward exchange rates for dealings in U. S. dollars with authorized banks. Rates are quoted daily for periods up to 12 months. In special circumstances, the Bank of Finland may quote rates for over 12 months but not exceeding 24 months. Through its participation in the forward exchange market the Bank of Finland aims at creating for the authorized banks a uniform basis for calculating their forward exchange quotations. The Bank of Finland sells and buys U. S. dollars at its daily forward rates in order to cover forward exchange contracts concluded by the authorized banks with their customers.

Forward exchange transactions with the Bank of Finland may be undertaken to cover all foreign exchange purchases and sales permitted by the foreign exchange regulations. Consequently, it is possible to obtain forward cover both for payments and receipts relating to transactions in goods and services as well as, e.g., for exchange transactions pertaining to foreign loans.

Valuation basis for customs clearance. On November 17, 1971 the Finnish Customs Authorities began to apply the Brussels Value Definition of 1950 and its Explanatory Notes more strictly. According to this application certain sales and marketing expenses incurred

by a sole agent in the interest of a foreign seller are to be included in the customs value of trade mark goods. Such items were previously excluded from valuation in Finland which signed the Brussels Value Convention in 1967. This change raises the valuation at customs clearance of the goods concerned by 1 to 5 per cent of the invoiced price.

Trade agreements. On November 18, 1971, an agreement was signed between Finland and the People's Republic of China governing the exchange of goods in 1972. The total value of trade compared with the previous year is estimated to increase by ten per cent to 150 million marks. Finland will mainly export to China metal products and machines and import an increased amount of fodder, chiefly soya.

On November 26, 1971, Finland and Czechoslovakia signed the trade agreement for 1972. The total value of trade is estimated to be about 170 million marks. Trade totalled about 110 million marks in 1970 and about 120 million marks in 1971. The Finnish export list includes cellulose, paper and cardboard products, machinery and appliances and minerals. Her import list mainly comprises rolled products, various machines and textiles.— In 1972 payments will be made in convertible currencies.

Supplementary budget. The third supplementary budget for 1971 was approved by Parliament in December. Newly authorized expenditure totalled 708 million marks. Of this, 91 million marks was earmarked for education, 147 million marks for the marketing of agricultural produce, 179 million marks for social security and public health and 114 million marks for measures to counteract increasing unemployment, especially in the northern and eastern parts of the country. Revenue in this budget totalled 976 million marks. The bulk of this consisted of taxes, the accrual of which exceeded the yield estimated in the ordinary budget for 1971. The yield from taxes in the

supplementary budget of December included estimated proceeds totalling 100 million marks from the supplementary turnover tax and import-equalization tax imposed in June 1971.

After the last supplementary budget totals expenditure budgeted for 1971 12 175 million marks.

Bond issues in foreign currency. An agreement concerning the issue of bonds with a par value of U.S. \$ 15 million was signed in London on October 28, 1971, between the city of Helsinki and an international banking consortium headed by S. G. Warburg & Co. The currency period is 15 years from November 15, 1971. The bonds will bear interest at the rate of $8\frac{3}{4}$ per cent per annum payable semi-annually. The city of Helsinki will redeem the bonds in annual instalments of one million dollars in 1973—1984 and of one and a half million dollars in 1985 and 1986. The price of issue is 99 $\frac{1}{2}$ per cent. The bonds are quoted on the London Stock Exchange.

The proceeds of the loan are to be used for financing the construction of the underground railway and for investments on harbours and electric and water works.

Pekema Oy has issued bonds with a nominal value of 15 million U. S. dollars and a period of 15 years. Hill, Samuel & Co. Ltd. is the head of the issuing consortium. The bonds will carry interest at the rate of $8\frac{3}{4}$ per cent from December 1, 1971 and will be redeemed at par in unequal annual instalments starting in 1973. The price of issue is 98 $\frac{1}{2}$ per cent. The bonds will be quoted on the London Stock Exchange.

Pekema was established in 1969 to provide Finland with its own petro-chemical production facilities and, when in full operation in 1974, will be one of the largest producers of low density polyethylene and polyvinyl chloride in Scandinavia. It is half owned by three leading government-controlled companies, while the other half is owned by Finnish industrial companies in the private sector.

The Industrial Mortgage Bank of Finland Ltd has raised a loan of DM 60 million. The loan has been underwritten by a consortium headed by Berliner Handels-Gesellschaft-Frankfurter-Bank. The loan period is 15 years starting December 1, 1971. The rate of interest is 8 per cent and the price of issue 99 per cent. The bonds are quoted on the Stock Exchanges of Frankfurt o.M., Düsseldorf and Hamburg. The proceeds of the loan will be used for financing the investment plans of medium- and large-sized industrial concerns.

Domestic bond issues. The Government authorized the following private bond issues.

In 1971 the Land and Industrial Mortgage Bank Ltd made two issues of 16 and 10 million marks respectively. The bonds of the 16 million mark issue will run for ten years at a rate of 8 per cent. Those of the 10 million mark loan will run for a period of five years. The rate of interest is 3 percentage points above the highest rate paid on six-month deposits in the Central Bank of the Co-operative Banks Ltd which from June 1, 1971 has been 5 ½ per cent. The bonds of the 16 million loan are tax-exempt for persons and the undistributed estates of deceased persons over the years 1971—1981.

The Real Estate Bank in Finland Ltd has been authorized to make an issue of 19 million marks with a period of ten years, starting October 1, 1971. The rate of interest is 8 per cent. These bonds are also tax-free.

The Industrial Mortgage Bank of Finland Ltd issued bonds totalling 35 million marks. The bonds are dated October 1, 1971 and will run for a period of ten years. The rate of interest is 8 per cent and the bonds of this issue are also tax-free.

Upo Osakeyhtiö (metal factory and foundry) was authorized to issue bonds up to the value of 12 million marks. The loan, with an annual interest rate of 8 ½ per cent, is current for a period of ten years starting November 1, 1971.

Rautaruukki Oy (iron and steel works) is making an issue 20 million marks. The bonds, dated January 3, 1972, will be redeemed annually in the years of 1975—1988. The annual rate of interest is 8 ½ per cent.

All the loans mentioned here are to be issued at par.

The Bank's new director. The Bank Supervisors of Parliament decided on December 17, 1971 to create a fifth permanent post of Director at the Bank of Finland as from January 1, 1972. Simultaneously they appointed Mr. Markku Puntila, D. Pol. Sc. to this post. Dr. Puntila has served as researcher at the Bank's Institute for Economic Research since 1960. In 1970 he was appointed Head of Department of the Institute and in 1971, Head of the Monetary Policy Department.

Bank of Finland's head office reorganized. In October 1971 the Board of Management of the Bank of Finland announced the re-organization of the Bank's head office into 16 departments with offices and sections as follows:

1. Administration Department
 - General Office
 - Distribution Office
 - Supplies Office
2. Personnel Department
 - General Office
 - Training Office
3. Information and Publications Department
 - Information Office
 - Publications and Translation Office
 - Library
4. Monetary Policy Department
5. Domestic Financial Operations Department
6. Credit Department
 - General Office
 - Security and Trust Office
7. Capital Transfers Department
 - General Office
 - External Loans Office
 - Foreign Capital Transfers Office

8. Department of Special Offices for International Matters
 - Exchange Policy Office
 - Office for International Organizations
 - Eastern Trade Office
 - Foreign Exchange Office
9. Exchange Control Department
 - General Office
 - Commodity Payments Office
10. Economics Department
 - Monetary Office
 - Balance of Payments Office
 - Domestic Office
11. Research Department
12. Cash Department
13. Automatic Data Processing Department
 - Planning Office
 - Preparation Office
 - Punching Section
 - Operating Section
14. Correspondence Department
15. Banking Services Department
 - Office
 - Letter of Credit and Collection Office
16. Internal Audit Department

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Ahti Karjalainen

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Absent as a Member of Government

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Heads of Department

Pauli Kanerva

Administration

K. Ignatius

Personnel

Antti Lehtinen

Domestic financial operations

Helge Lindström

Credits and securities

Kalle Koski

Foreign credits

P.-E. Österlund

*Direct investments and
capital transfers*

Leo Lindström

Foreign exchange control

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign correspondence

Väinö Heiskanen

Banking services

Eino Suomela

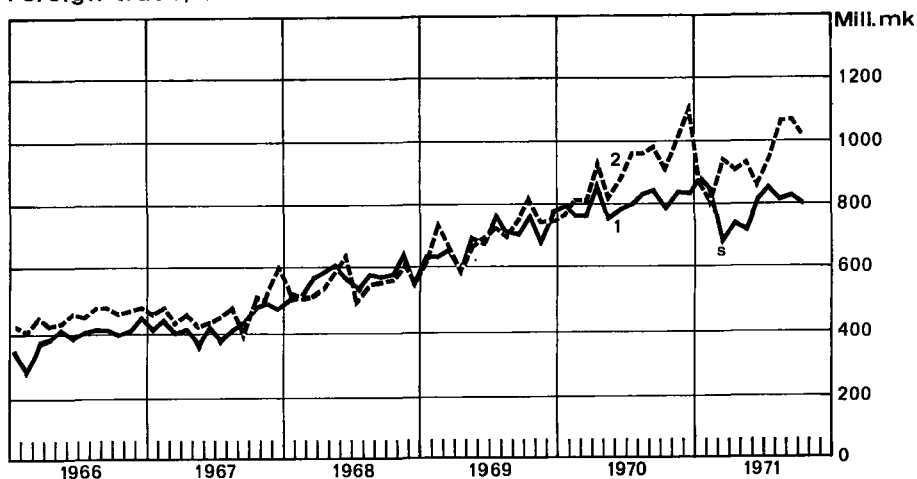
Internal Audit

Institute for Economic Research

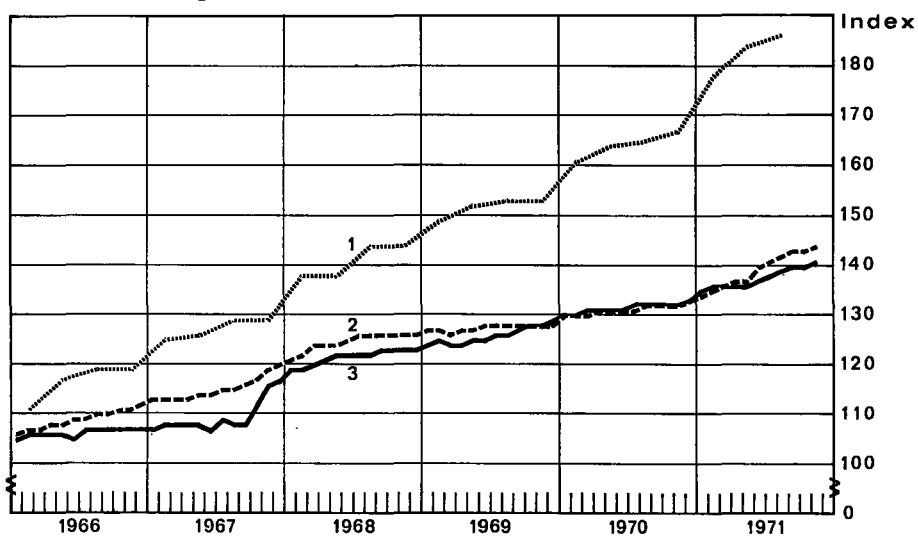
Pertti Kukkonen

Director

Foreign trade, 1966 - 1971



Prices and wages, 1966 - 1971



Production, 1966 - 1971

