



BANK OF FINLAND

Monthly Bulletin

Finnish fisheries

**The revision of the Finnish accounting
legislation**

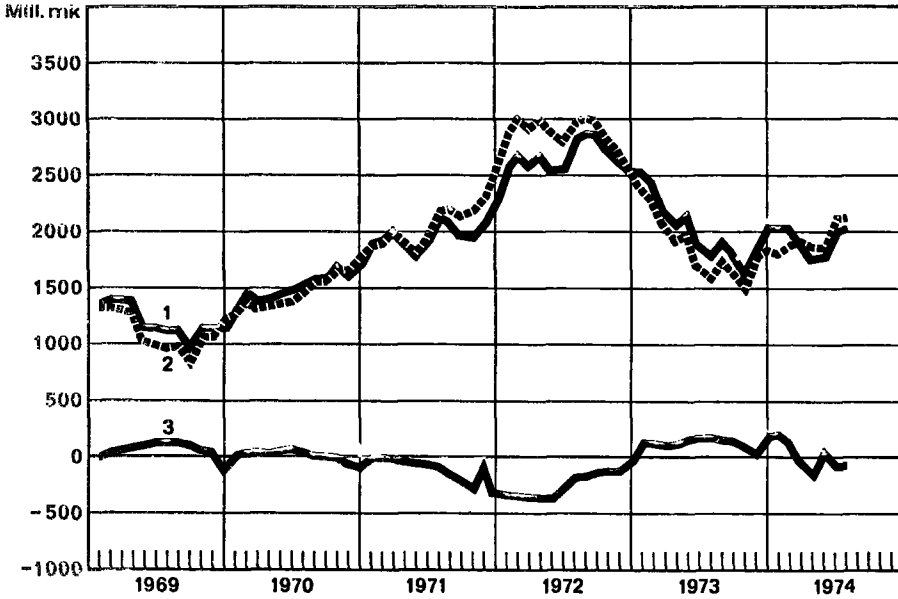
**300 million marks of counter-cyclical
withholdings**

National income

SEPTEMBER 1974

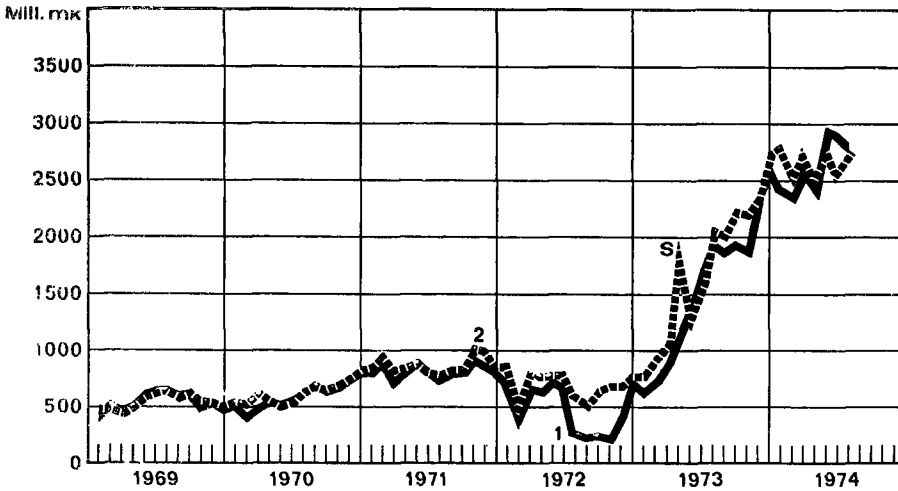
Vol. 48 No. 9

Bank of Finland foreign exchange reserve, 1969-1974



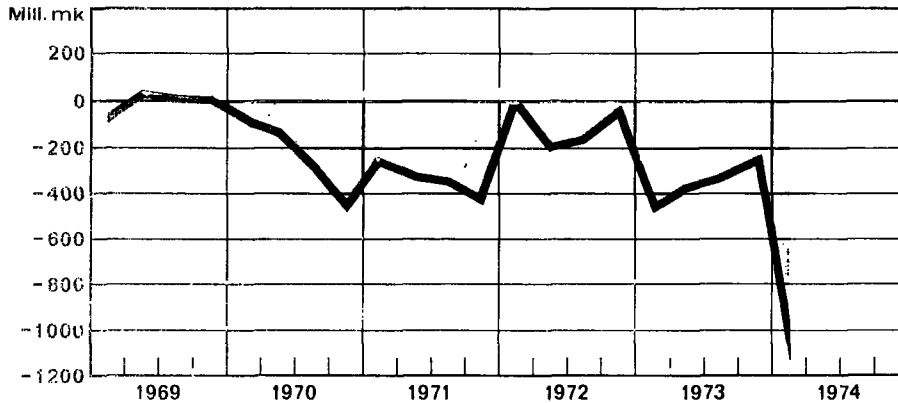
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

Bank of Finland's position in regard to the banks, 1969-1974



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

Balance of payments current account surplus/deficit, 1969-1974



Seasonally adjusted quarterly figures

FINNISH FISHERIES

Fishing is one of Finland's traditional industries, and has been practised as long as the country has been populated. Before the evolution of agriculture, fishing and hunting were the most important economic activities.

Finland's geographic position provides plenty of scope for both salt-water and freshwater fishing. The country is surrounded by the Baltic Sea and its gulfs, the Gulf of Finland and the Gulf of Bothnia, and several fairly large rivers flow into the sea. The country's abundance of lakes makes freshwater fishing particularly common. It is estimated that Finland has some 55 000 lakes, or 75 000 if the smallest ponds are included. The inland waters cover about 31 500 square kilometres or more than nine per cent of the country's total surface. The 3 000 largest lakes make up about 90 per cent of this freshwater area. The significance of the rivers and some of the lakes for the fishing industry has been reduced as a result of drainage, pollution of waters and the construction of power plants.

Finnish fishermen are permitted to fish not only in Finnish waters but also in the international zone of the Baltic Sea and in the oceans. Fishing in outlying areas, mainly in the northern Atlantic, played a significant rôle in the 1930s, but since World War II it has declined in importance.

The number of professional fishermen has fallen substantially in the post-war period. At present there are 8 500, of which probably about a quarter treat fishing as their principal occupation. In the beginning of the 1950s, the total number of fishermen — including both full-time and part-time fishermen — was more than double the present figure. The decline has been nearly as sharp as the fall in the farming population. Professional fishermen have

moved into other occupations, and, as a result have left the islands and the lake districts. Nowadays only very few of the young choose fishing as an occupation, which means that the average age of professional fishermen is very high. It is estimated that about one million people in Finland (20 per cent of the population) catch fish for their own consumption or for recreation.

The table below gives detailed information on the quantity and value of the total Finnish catch in 1972, which amounted to 88 000 tons, and was worth about 97 million marks. Baltic herring made up almost two thirds of the catch. Baltic herring, pike, salmon, trout and European perch together accounted for 60 per cent of the total value of the catch. Because of the Baltic herring, the quantity of the fish taken from sea is many times larger than the freshwater catch. However, the difference in the market values of the catches is not great.

In 1971 the consumption of fish amounted to about 385 000 tons in fresh weight, of which the domestic catch of 82 000 tons made up only about one fifth. Human consumption also amounted to 82 000 tons, of which the domestic catch made up 65 000 tons and the remaining 17 000 tons was imported. In 1971 the consumption of fishery products came to 17.8 kgs per capita, which is a quite high figure by international standards. Estimated as fresh weight more than 300 000 tons of fish was used as feed. From the domestic catch the Baltic herring was primarily used for this purpose, a large part serving as fodder for minks. Finnish exports of fish and fishery products were of minor importance.

The low level of Finland's self-sufficiency is a result of underfishing in domestic waters and

FINNISH FISHERIES IN 1972

	Sea		Freshwater		Total	
	1 000 kgs	1 000 mk	1 000 kgs	1 000 mk	1 000 kgs	1 000 mk
Number of professional fishermen	5 833		2 688		8 521	
Quantity and value of catch (incl. the catch of non-professional fishermen)						
Atlantic herring	570	1 500	—	—	570	1 500
Baltic herring	55 738	18 332	—	—	55 738	18 332
Sprat	1 007	574	—	—	1 007	574
Cod	76	109	—	—	76	109
Vendace	1 327	1 610	4 788	7 526	6 115	9 136
Smelt	853	225	158	43	1 011	268
Salmon & trout	539	9 408	160	2 454	699	11 862
Whitefish	1 988	6 385	853	2 925	2 841	9 310
Pike	1 986	5 728	3 286	11 269	5 272	16 997
Freshwater bream	1 071	2 459	1 308	3 059	2 379	5 518
Pikeperch	537	2 070	425	1 895	962	3 965
European perch	2 585	3 325	4 456	8 021	7 041	11 346
Burbot	658	2 370	1 151	3 546	1 809	5 916
Ide	266	268	198	599	464	867
Other fish	863	368	1 326	862	2 189	1 230
Total	70 064	54 731	18 109	42 199	88 173	96 930

the small degree of ocean fishing. In order to raise the level of self-sufficiency, it would be necessary to exploit to a greater degree than before domestic sea and freshwater fishing areas, especially during the winter months. It has been estimated that the annual catch could be almost doubled without causing any harm to the stock of fish. Attempts should be made to boost the fishing of all fish species, and particularly of those used as feed. Fishing could be especially a secondary occupation for farmers and forest workers. During the last decade, the first steps were taken to grow

rainbow trout in fish farms. Efforts are being made in this field not only to meet the domestic demand but also to be able to export trout.

The Department of Fishing and Hunting of the Ministry of Agriculture and Forestry is responsible for the administration of Finnish fisheries. The Finnish Game and Fisheries Research Institute carries out research and experimental work, while various organizations provide information on fisheries.

August 21, 1974

	1973		1974				
	Aug. 31	Dec. 31	Aug. 8	Aug. 15	Aug. 23	Aug. 30	
Assets							
Gold and other foreign assets	2 360	2 493	2 664	2 730	2 682	2 644	
Gold	205	121	121	121	121	121	
Special drawing rights	285	285	286	286	286	286	
IMF gold tranche	268	268	268	268	268	268	
Foreign exchange	1 355	1 546	1 634	1 702	1 652	1 610	
Foreign bills	110	96	167	165	167	171	
Foreign bonds	137	177	188	188	188	188	
Claims on domestic banks	1 784	2 617	2 866	2 667	2 813	2 660	
Discounted bills	1 776	2 556	2 673	2 493	2 618	2 538	
Rediscounted bills	0	—	—	—	—	—	
Cheque accounts	8	61	193	174	195	122	
Other lending	342	362	388	385	386	387	
Inland bills discounted							
In foreign currency	—	—	—	—	—	—	
In Finnish marks	52	58	95	95	96	98	
Loans	290	304	293	290	290	289	
Other assets	728	598	603	605	625	631	
Finnish bonds	158	33	35	35	55	61	
Finnish coin	35	25	25	27	28	27	
Currency subscription to Finland's quota							
in the IMF	530	530	530	530	530	530	
Other claims	5	10	13	13	12	13	
	Total	5 214	6 070	6 521	6 387	6 506	6 322
Liabilities							
Notes in circulation	1 693	1 907	1 933	1 940	1 983	2 042	
Liabilities payable on demand	212	178	418	275	255	334	
Foreign exchange accounts	106	80	140	148	147	224	
Mark accounts of holders abroad	50	67	88	87	81	81	
Cheque accounts							
Treasury	29	2	49	10	1	4	
Post Office Bank	5	2	119	2	2	3	
Private banks	—	—	—	—	—	—	
Other	1	8	3	2	3	2	
Other sight liabilities	21	19	19	26	21	20	
Term liabilities	1 625	2 214	2 315	2 305	2 407	2 067	
Foreign	—	—	—	—	—	—	
Domestic	1 625	2 214	2 315	2 305	2 407	2 067	
IMF mark accounts	530	530	530	530	530	530	
Allocations of special drawing rights	258	258	258	258	258	258	
Equalization accounts	145	171	240	249	241	257	
Bank's own funds	751	812	827	830	832	834	
Capital	600	600	600	600	600	600	
Reserve fund	114	114	163	163	163	163	
Profits undisposed	—	—	—	—	—	—	
Earnings less expenses (Dec. 31, Net profit)	37	98	64	67	69	71	
	Total	5 214	6 070	6 521	6 387	6 506	6 322

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)	Cheque account	Term liabilities, net	Net liabilities to the Treasury (7+8) ¹
	1	2	3	4	5	6	7	8	9
1967	701	75	626	98	354	370	4	7	11
1968	1 353	62	1 291	125	34	1 382	3	354	357
1969	1 268	92	1 176	517	360	1 333	4	196	200
1970	1 844	106	1 738	639	518	1 859	2	119	121
1971	2 620	327	2 293	686	530	2 449	2	138	140
1972	2 685	121	2 564	757	530	2 791	1	48	49
1973	2 220	147	2 073	803	530	2 346	2	532	534
1973									
July	1 931	96	1 835	791	530	2 096	44	33	77
Aug.	1 113	156	1 957	777	530	2 204	29	32	61
Sept.	2 020	176	1 844	763	530	2 077	50	31	81
Oct.	1 861	169	1 692	768	530	1 930	49	30	79
Nov.	2 060	170	1 890	798	606	2 082	50	530	580
Dec.	2 220	147	2 073	803	530	2 346	2	532	534
1974									
Jan.	2 207	147	2 060	808	530	2 338	1	533	534
Feb.	2 214	143	2 071	817	530	2 358	3	530	533
March	2 104	168	1 936	831	530	2 237	49	529	578
April	1 986	196	1 790	855	530	2 115	51	528	579
May	2 005	203	1 802	874	530	2 146	5	528	533
June	2 231	197	2 034	888	530	2 392	1	527	528
July	2 251	189	2 062	888	530	2 420	48	527	575
Aug.	2 285	305	1 980	889	530	2 339	4	526	530

¹ New series, see explanations on page 18.

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1973			Net holdings, June 30, 1974			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	June	Jan.-June
Gold	121	—	121	121	—	121	—	—
Special drawing rights	285	—	285	286	—	286	—	+1
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 189	165	1 354	1 472	-137	1 335	+106	- 19
Other currencies	210	2	212	-113	- 22	-135	- 16	-347
Total	2 073	167	2 240	2 034	-159	1 875	+ 90	-365

End of year and month	Domestic banks					Other					
	Dis-counted and redis-counted bills	Cheque accounts ¹	Liabilities, Cheque accounts		Net claims on the banks (1+2-3-4)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (6+7-8) ³	Deposit certificates ³	Notes in circulation
			Private banks ²	Posti pankki ²							
1	2	3	4	5	6	7	8	9	10	11	
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	836	3	1	4	834	137	246	324	59	203	1 344
1971	849	—	9	2	838	121	234	385	—30	400	1 479
1972	753	5	—	2	756	44	277	73	248	790	1 730
1973	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907
1973											
July	2 060	60	—	156	1 964	51	297	45	303	1 400	1 695
Aug.	1 776	8	—	5	1 779	52	295	215	132	1 400	1 693
Sept.	2 221	22	—	199	2 044	54	296	309	41	1 400	1 773
Oct.	2 363	54	—	320	2 097	57	302	301	58	1 400	1 683
Nov.	2 623	50	—	67	2 606	60	302	260	102	1 400	1 790
Dec.	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907
1974											
Jan.	1 146	129	—	1	2 274	64	303	237	130	1 310	1 706
Feb.	2 227	113	—	4	2 336	64	304	229	139	1 380	1 744
March	2 530	103	—	78	2 555	72	296	230	138	1 450	1 792
April	2 677	156	—	80	2 753	79	293	244	128	1 450	1 806
May	2 719	93	—	3	2 809	81	289	230	140	1 490	1 907
June	2 794	127	—	3	2 918	81	297	221	157	1 600	2 134
July	2 688	158	—	43	2 803	84	305	213	176	1 600	1 970
Aug.	2 538	122	—	3	2 657	98	302	203	197	1 360	2 042

¹ Including special index accounts

² Including cash reserve accounts

³ New series, see explanations on page 18.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

Aug. 21, 1974

New York ¹	1 \$	3.780	Frankfurt o. M.	100 DM	144.00	Vienna	100 S	20.35
Montreal	1 \$	3.870	Amsterdam	100 Fl	141.30	Lisbon	100 Esc	14.84
London	1 \$	8.805	Brussels ²	100 Fr		Madrid	100 Pta	6.65
Stockholm	100 Kr	85.30	Zurich	100 Fr	126.70	Tokyo	100 Y	1.250
Oslo	100 Kr	68.70	Paris	100 FF	78.60	Reykjavik	100 Kr	3.87
Copenhagen	100 Kr	62.50	Rome	100 Lit	0.5770	Moscow ³	1 Rbl	5.066

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

² 9.760 commercial rate; 9.440 financial rate.

³ 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	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
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
1971	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972	1 851.2	2 371.4	979.2	8 095.8	6 231.8	4 499.8	1 805.6	720.0	21 353.0	24 703.6
1973*	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9

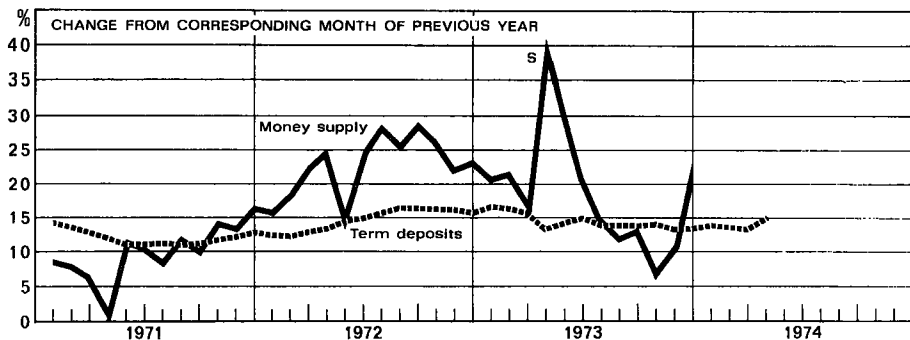
1973*

April	1 660.4	2 144.0	1 488.1	8 028.9	6 325.3	4 647.3	1 892.5	747.5	21 641.5	25 273.6
May	1 919.5	2 512.9	1 037.9	8 259.6	6 462.6	4 712.7	1 893.8	753.0	22 081.7	25 632.5
June	1 816.1	2 292.4	1 092.5	8 345.6	6 490.8	4 699.2	1 926.3	752.0	22 213.9	25 598.8
July	1 754.2	2 236.9	1 041.5	8 326.0	6 506.9	4 735.7	1 950.5	757.7	22 276.8	25 555.2
Aug.	1 677.3	2 192.3	1 025.7	8 401.2	6 610.8	4 831.8	1 874.3	763.4	22 581.5	25 799.5
Sept.	1 630.7	2 155.5	1 098.0	8 442.8	6 689.7	4 924.3	1 994.5	783.9	22 835.2	26 088.7
Oct.	1 690.5	2 234.4	932.0	8 524.6	6 756.3	5 013.2	2 017.6	783.2	23 094.9	26 261.3
Nov.	1 681.9	2 221.5	989.1	8 508.2	6 833.8	5 113.1	2 052.0	785.2	23 292.3	26 502.9
Dec.	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9

1974¹

Jan.	1 896.2	2 478.1	1 272.5	9 113.6	7 227.8	5 377.5	2 207.4	814.2	24 740.5	28 491.1
Feb.	1 851.4	2 431.8	1 373.6	9 162.3	7 272.2	5 445.5	2 230.9	825.6	24 936.5	28 741.9
March	1 806.1	2 379.5	1 253.4	9 078.6	7 271.1	5 449.4	2 266.3	831.7	24 897.1	28 530.0
April	1 839.1	2 482.1	1 229.2	9 081.0	7 272.6	5 510.5	2 268.9	833.3	24 966.3	28 677.6

¹ New series, see explanations on page 18.



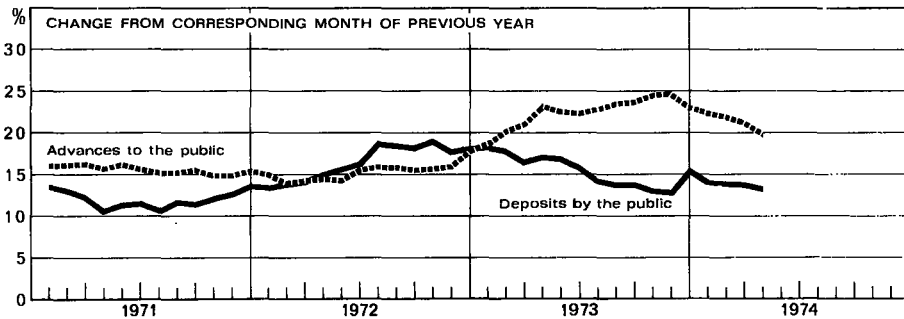
ADVANCES TO THE PUBLIC—MONEY SUPPLY

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	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025
1972	10 667.3	5 503.0	4 482.6	2 244.8	2 374.4	24 472.6	799.5	25 272.1	4 959
1973*	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114
1973*									
April	11 839.6	5 829.5	4 681.0	2 648.4	2 490.1	26 490.4	998.2	27 488.6	5 584
May	11 805.2	5 876.4	4 730.2	2 777.4	2 486.8	26 806.2	869.8	27 676.0	5 225
June	12 074.3	5 954.0	4 788.3	2 790.3	2 510.9	27 180.8	937.0	28 117.8	5 170
July	12 238.0	6 005.7	4 833.9	2 854.7	2 547.8	27 520.3	959.8	28 480.1	4 883
Aug.	12 419.3	6 096.5	4 908.2	2 915.1	2 565.5	27 928.1	976.5	28 904.6	4 791
Sept.	12 702.8	6 202.6	5 009.5	3 023.8	2 573.6	28 451.7	1 060.6	29 512.3	5 004
Oct.	12 968.1	6 320.2	5 116.5	3 173.2	2 592.9	29 142.5	1 028.4	30 170.9	4 749
Nov.	13 162.8	6 414.2	5 209.2	3 284.9	2 629.6	29 677.4	1 023.3	30 700.7	4 906
Dec.	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114

1974 ¹									
Jan.	13 386.6	6 609.8	5 361.4	3 570.9	2 741.2	30 656.7	1 013.2	31 669.9	..
Feb.	13 446.8	6 697.9	5 444.2	3 664.7	2 770.1	31 007.0	1 016.7	32 023.7	..
March	13 595.2	6 771.6	5 514.6	3 740.9	2 827.4	31 379.4	1 070.3	32 449.7	..
April	13 829.9	6 844.2	5 574.4	3 890.5	2 847.7	31 914.6	1 072.1	32 986.7	..

¹ New series, see explanations on page 18.



FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973*	14 605	16 601	-1 996
1973*			
July	1 094	1 203	- 109
Aug.	1 218	1 407	- 189
Sept.	1 366	1 482	- 116
Oct.	1 538	1 689	- 151
Nov.	1 558	1 623	- 65
Dec.	1 331	1 461	- 130

1974*			
Jan.	1 540	1 948	- 408
Feb.	1 471	1 884	- 413
March	1 599	1 862	- 263
April	1 779	2 121	- 342
May	1 848	2 272	- 424
June	1 555	1 812	- 257

Jan.-June			
1973*	6 500	7 736	-1 236
1974*	9 792	11 899	-2 107

Indices of exports and imports 1969 = 100¹

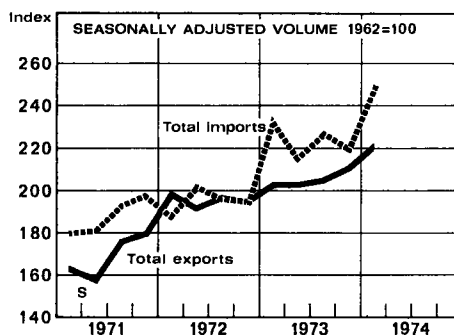
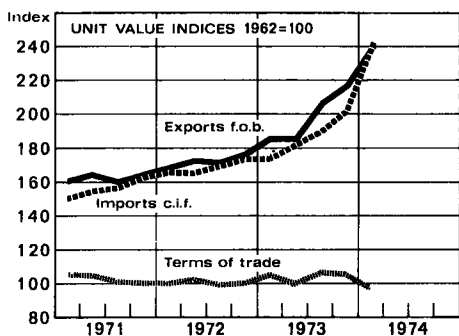
Period	Indices of exports and imports 1969 = 100 ¹				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1970	107	121	108	108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973*	127	141	138	139	99

1972					
Jan.-Mar.	114	112	121	125	97
Apr.-June	112	124	123	125	98
July-Sept.	116	120	124	126	98
Oct.-Dec.	123	136	129	127	102

1973					
Jan.-Mar.	120	140	131	131	100
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	141	103
Oct.-Dec.	140	149	151	150	101

1974					
Jan.-Mar.	131	147	169	182	93
Apr.-June	131	147	190	198	96

¹ New series, see explanations on page 18.

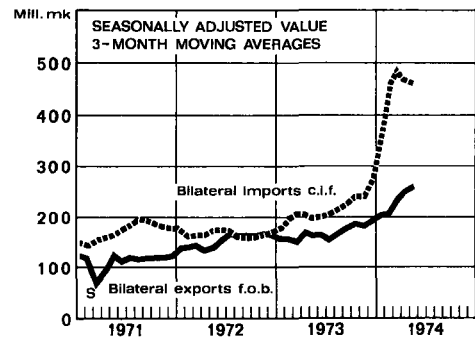
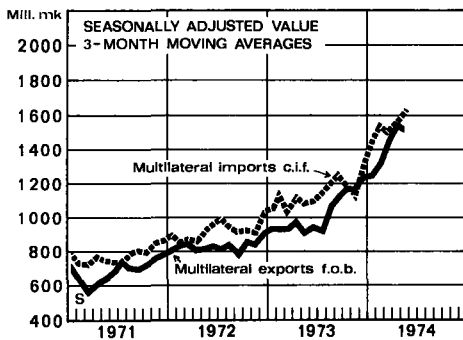


FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973*	432	2 451	5 264	2 928	3 530	9 915	729	2 921	2 968	68
1973*										
July	15	189	423	237	230	717	53	249	173	11
Aug.	14	268	523	123	290	871	71	249	215	1
Sept.	27	259	494	247	339	918	80	229	255	0
Oct.	24	282	536	302	394	984	87	345	270	3
Nov.	21	282	524	377	354	1 046	98	243	230	6
Dec.	72	226	454	244	335	903	104	236	215	3
1974*										
Jan.	89	249	513	378	311	1 252	170	292	233	1
Feb.	21	249	540	316	345	1 195	197	244	247	1
March	94	229	605	258	413	1 172	168	262	260	0
April	22	291	671	351	444	1 368	143	325	276	9
May	47	314	595	414	478	1 498	137	313	320	4
June	10	262	557	340	386	1 242	113	245	209	3
Jan.-June										
1973*	259	945	2 309	1 398	1 589	4 476	236	1 370	1 610	44
1974*	283	1 594	3 481	2 057	2 377	7 727	928	1 681	1 545	18

New series.



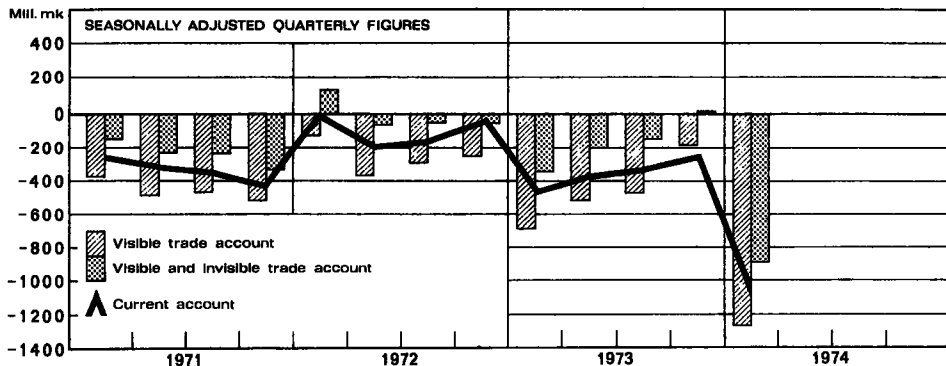
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—June				January—June			
	1973*		1974*		1973*		1974*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.2	4 625	71.4	6 990	74.2	5 743	65.8	7 830
Austria	1.1	73	0.9	93	1.7	130	1.4	165
Belgium-Luxembourg	1.7	108	2.2	213	2.2	170	2.0	237
Denmark	4.5	292	4.0	396	3.6	277	3.4	398
France	4.1	264	4.5	437	3.4	261	3.0	359
Federal Republic of Germany	10.4	676	8.3	814	18.0	1 397	15.1	1 799
Italy	1.8	120	2.0	193	1.9	150	1.5	175
Netherlands	3.6	232	3.5	340	3.5	275	4.0	477
Norway	4.1	270	2.8	269	2.6	199	3.1	374
Portugal	0.4	23	0.4	41	0.9	68	0.7	88
Spain	1.0	66	1.2	121	0.7	54	0.4	49
Sweden	16.0	1 039	17.8	1 742	20.0	1 550	18.3	2 182
Switzerland	2.2	144	1.8	172	3.2	247	3.1	372
United Kingdom	18.7	1 215	20.0	1 963	11.8	910	9.5	1 125
Other	1.6	103	2.0	196	0.7	55	0.3	30
OECD countries outside Europe	7.0	453	6.7	658	8.1	624	7.7	917
Canada	0.6	38	0.8	81	0.3	19	0.3	31
Japan	0.6	40	1.1	110	2.7	204	1.2	149
United States	4.9	321	4.0	386	5.0	384	6.2	735
Other	0.9	54	0.8	81	0.1	7	0.0	2
CMEA countries	14.2	925	13.7	1 343	14.1	1 092	22.5	2 679
Czechoslovakia	0.3	23	0.4	39	0.5	36	0.3	40
Democratic Republic of Germany	0.5	36	0.5	49	0.5	41	0.6	65
Poland	1.1	69	0.8	79	1.2	91	1.7	204
Soviet Union	11.4	741	11.5	1 123	10.8	838	18.8	2 237
Other	0.9	56	0.5	53	1.1	86	1.1	133
Latin America	1.8	117	2.4	231	1.4	111	1.8	212
Argentina	0.4	23	0.6	54	0.1	4	0.1	9
Brazil	0.6	39	1.0	101	0.4	34	0.4	47
Colombia	0.1	8	0.1	12	0.5	40	0.7	80
Other	0.7	47	0.7	64	0.4	33	0.6	76
Other	5.8	380	5.8	570	2.2	166	2.2	261
GRAND TOTAL	100.0	6 500	100.0	9 792	100.0	7 736	100.0	11 899
of which								
EFTA countries	24.1	1 564	23.9	2 343	28.6	2 212	26.8	3 194
EEC countries	45.6	2 954	45.6	4 465	44.8	3 467	38.5	4 576
OECD countries	78.2	5 078	78.1	7 648	82.3	6 367	73.5	8 747

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
1971	9 845	11 762	-1 917	+660	+247	+66	-944	-477	- 1	-1 422
1972	12 012	13 087	-1 075	+731	+335	+72	+ 63	-586	+43	- 480
1973*	14 525	16 561	-2 036	+996	+341	+29	-670	-753	-57	-1 480
Jan.-March										
1971 ^r	2 168	2 536	- 368	+208	- 13	+19	-154	-135	- 1	- 290
1972	2 870	2 960	- 90	+217	+ 3	+ 1	+131	-142	-22	- 33
1973*	3 301	3 868	- 567	+257	- 5	+28	-287	-139	-14	- 440
1974*	4 589	5 663	-1 074	+281	+ 10	+28	-755	-233	-25	-1 013
Apr.-June										
1971 ^r	2 291	2 797	- 506	+141	+ 47	+21	-297	-118	- 1	- 416
1972	2 856	3 298	- 442	+162	+ 57	+46	-177	-155	- 8	- 340
1973*	3 182	3 842	- 660	+215	+ 48	+17	-380	-190	-22	- 592
July-Sept.										
1971 ^r	2 501	2 864	- 363	+159	+166	+16	- 22	-119	- 4	- 145
1972	2 978	3 195	- 217	+170	+191	+19	+163	-140	+20	+ 43
1973*	3 638	4 086	- 448	+268	+240	+10	+ 70	-173	- 9	- 112
Oct.-Dec.										
1971 ^r	2 885	3 565	- 680	+152	+ 47	+10	-471	-105	+ 5	- 571
1972	3 308	3 634	- 326	+182	+ 84	+ 6	- 54	-149	+53	- 150
1973*	4 404	4 765	- 361	+256	+ 58	-26	- 73	-251	-12	- 336

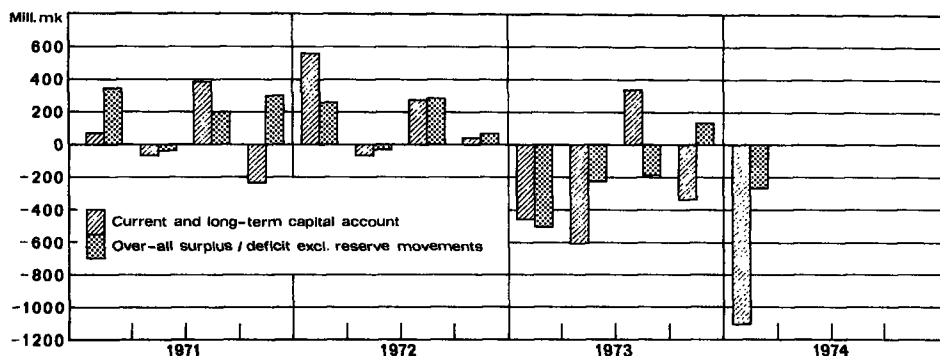


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+2 730	— 855	—208	— 85	+1 582	+ 160	+387	+197	+ 62 ²	+806	—555	—251
+3 014	—1 228	—376	—106	+1 304	+ 824	+104	— 90	—247 ²	+591	—271	—320
+1 858	—1 366	+ 34	—114	+ 412	—1 068	—246	+561	— 31	—784	+491	+293
+ 609	— 228	— 5	— 17	+ 359	+ 69	+ 21	+329	— 77	+342	—314	— 28
+ 968	— 273	—115	+ 17	+ 597	+ 564	—152	— 27	—124 ²	+261	—327	+ 66
+ 365	— 396	+ 34	— 24	— 21	— 461	+ 20	+ 7	— 73	—507	+353	+154
+ 481	— 522	— 23	— 26	— 90	—1 103	+270	+285	+279	—269	+138	+131
+ 596	— 201	— 11	— 30	+ 354	— 62	—140	+146	+ 19	— 37	+ 99	— 62
+ 655	— 180	—192	— 5	+ 278	— 62	+ 92	+ 25	— 84	— 29	+ 37	— 8
+ 308	— 265	— 48	— 9	— 14	— 606	+ 94	+323	— 38	—227	+301	— 74
+ 869	— 252	— 89	+ 5	+ 533	+ 388	— 60	+ 21	—150	+199	— 35	—164
+ 628	— 327	— 41	— 25	+ 235	+ 278	+265	—124	—131	+288	—314	+ 26
+ 774	— 370	+ 60	— 16	+ 448	+ 336	—401	—257	+136	—186	+ 66	+120
+ 656	— 174	—103	— 43	+ 336	— 235	+566	—299	+270	+302	—305	+ 3
+ 763	— 448	— 28	— 93	+ 194	+ 44	—101	+ 36	+ 92	+ 71	+333	—404
+ 411	— 335	— 12	— 65	— 1	— 337	+ 41	+488	— 56	+136	—229	+ 93

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 88 million in 1970, 85 million in 1971 and 85 million in 1972.



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	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1971	312	315	302	309	361	304	346	295	303	149	162	134
1972	338	342	325	330	400	334	370	318	332	161	182	141
1973	398	401	385	403	447	378	435	395	378	188	202	176
1973												
Sept.	421	426	401	437	466	388	466	425	391	202	213	194
Oct.	427	433	408	448	469	390	476	429	397	204	214	198
Nov.	430	436	408	452	465	393	478	434	399	205	214	199
Dec.	436	440	418	459	481	394	481	442	404	209	214	200
1974												
Jan.	452	453	448	479	487	407	509	452	417	214	217	209
Feb.	462	461	466	492	496	413	514	471	424	222	217	222
March	471	472	468	500	507	423	517	480	437	225	217	227
April	480	481	478	508	517	434	528	490	446	233	235	229
May	487	489	477	518	521	436	539	495	450	235	235	230
June	489	491	481	519	537	438	541	495	454	235	235	230
July	500	503	488	528	544	451	567	505	456	235	235	231

Period	Consumer prices 1972 = 100											
	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Total	Food	Bever-ages and tobacco	Clothing and foot-wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1973	284	223	111	112	107	111	116	110	109	109	105	111
1973												
Sept.	295	231	115	117	107	115	125	112	111	111	106	114
Oct.	297	233	115	117	107	116	127	113	112	111	107	115
Nov.	299	235	116	117	107	116	128	114	116	113	108	115
Dec.	303	237	118	161	107	117	131	129	116	115	109	116
1974												
Jan.	305	239	119	116	107	118	133	132	119	116	110	118
Feb.	314	246	122	117	107	121	135	162	122	124	114	118
March	317	248	123	118	108	123	137	158	123	124	114	121
April	324	255	126	126	108	124	140	159	125	126	115	121
May	328	257	127	128	108	126	141	160	127	127	115	124
June	329	258	128	129	108	126	141	150	128	128	116	125
July	335	263	130	131	108	127	146	151	129	129	119	130

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							
1970	181	170	170	164	161	165	164	157	169	164
1971	210	195	195	180	176	178	188	171	195	185
1972	253	222	222	196	189	194	212	188	220	206
1973*	317	260	260	223	213	223	247	214	258	239
1973*										
Jan.-March	287	235	238	206	198	206	224	196	234	217
Apr.-June	331	260	250	227	215	226	249	217	259	240
July-Sept.	314	268	268	229	219	230	259	221	270	248
Oct.-Dec.	340	275	284	231	220	230	261	222	273	251
1974*										
Jan.-March	349	277	286	233	225	232	264	224	276	254
Apr.-June	417	303	308	265	247	263	291	251	303	280

PRODUCTION

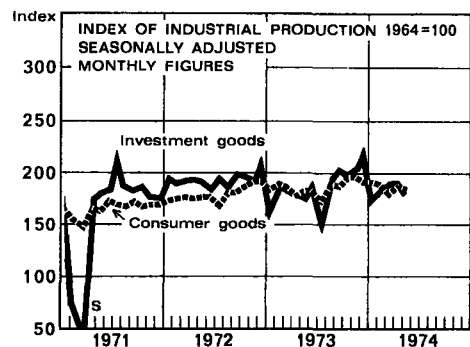
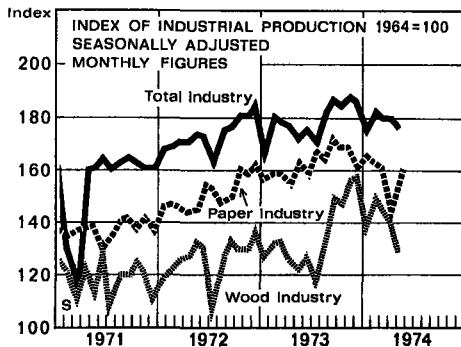
Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1971	136	157	96	106	138	99	134	140	135	135	140
1972	145	176	96	95	149	103	145	155	142	141	149
1973*	153	186	92	96	158	102	156	168	150	145	157
1972											
Oct.-Dec.	151	194	62	90	177	101	151	171	145	143	151
1973*											
Jan.-March	151	196	54	130	124	107	145	162	147	143	156
Apr.-June	147	179	76	107	139	100	154	162	148	145	157
July-Sept.	152	168	170	53	183	104	162	164	149	146	156
Oct.-Dec.	160	203	69	96	185	99	163	186	153	147	159
1974*											
Jan.-March	158	205	56	126	134	109	154	176	155	149	163

PRODUCTION

Index of industrial production 1970 = 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	
1972*	114	120	113	111	110	110	110	137	113	118	113
1973*	117	117	117	115	113	117	118	139	120	120	117
1972*											
Nov.	125	131	123	125	118	111	121	148	131	132	118
Dec.	116	119	117	111	104	104	111	149	120	122	121
1973*											
Jan.	124	125	125	120	98	126	123	156	128	128	111
Feb.	116	121	117	114	96	117	115	139	122	124	118
March	129	132	129	128	108	132	126	152	138	133	117
April	111	112	111	113	103	111	99	145	124	114	115
May	123	126	121	126	126	132	122	140	96	132	113
June	106	114	103	109	109	112	94	121	70	117	115
July	83	53	88	72	109	65	118	104	109	56	112
Aug.	118	112	117	121	129	104	124	134	138	117	118
Sept.	117	121	119	114	113	120	124	145	128	122	122
Oct.	133	140	132	132	138	142	131	153	140	142	120
Nov.	129	138	129	129	125	133	126	148	140	139	122
Dec.	112	114	113	107	108	112	109	134	113	115	121
1974*											
Jan.	128	129	131	125	117	139	130	154	131	132	115
Feb.	118	120	119	114	106	134	119	135	123	123	119
March	128	130	130	121	106	139	133	160	135	134	117
April	117	125	116	119	118	130	93	145	133	128	117
May	125	124	125	125	126	139	121	141	132	131	115
June	107	107	106	109	113	110	95	131	116	112	117



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un- employed 1 000 persons	Unemploy- ment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Whole- sellers' volume index 1968 = 100
1969	3 480	2 189	2 127	62	2.8	35 338	108	117
1970	3 492	2 194	2 153	41	1.9	39 267	114	130
1971	3 507	2 199	2 150	49	2.2	36 264	118	137
1972	3 409	2 173	2 118	55	2.5	31 442	128	151
1973*	3 442	2 215	2 164	51	2.3	30 746	138	167
1973*								
July	3 444	2 379	2 333	46	1.9	818	135	141
Aug.	3 447	2 303	2 261	42	1.8	1 216	143	175
Sept.	3 449	2 226	2 188	38	1.7	1 606	139	172
Oct.	3 451	2 222	2 181	41	1.8	2 339	149	191
Nov.	3 453	2 220	2 180	40	1.8	2 813	142	180
Dec.	3 455	2 216	2 168	48	2.2	2 998	185	187
1974*								
Jan.	3 471	2 187	2 134	53	2.4	3 063	119	156
Feb.	3 474	2 194	2 140	54	2.5	3 425	122	160
March	3 476	2 183	2 138	45	2.1	3 509	131	174
April	3 478	2 199	2 154	45	2.0	3 473	..	..
May	3 480	2 234	2 200	34	1.5	3 082	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings- works under con- struction
	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residen- tial buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1971	42.63	19.54	3.10	15.18	2.60	37.35	15.79	3.16	13.88	2.91	37.64
1972*	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.66	2.81	39.94	18.68	2.88	13.56	2.82	51.43
1972*											
July-Sept.	13.44	6.11	0.55	4.89	1.17	10.17	4.64	0.87	3.22	0.76	41.87
Oct.-Dec.	13.46	5.50	0.43	4.88	1.78	13.60	6.07	1.29	4.89	0.80	40.57
1973*											
Jan.-March	10.62	3.99	0.80	4.85	0.50	8.07	3.71	0.42	3.17	0.51	48.56
Apr.-June	16.97	7.85	1.73	5.82	0.62	6.51	3.27	0.33	2.08	0.37	47.39
July-Sept.	16.23	7.86	0.84	6.06	0.76	10.34	4.65	0.91	3.31	0.78	55.01
Oct.-Dec.	11.13	4.98	0.45	4.09	0.92	13.85	6.66	1.11	4.51	1.13	51.42

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 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. *The Treasury cheque account* = The cheque account of the Treasury with the Bank of Finland; while *Treasury term liabilities* = Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account — Treasury's IMF and IBRD bills (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). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities (excl. Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account + Deposit certificates + Cash reserve accounts). *Deposit certificates* are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

Figures for deposits and advances are supplied by the Central Statistical Office. From the beginning of 1974 the figures include deposits by and advances to other credit institutions. Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative 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 Postipankki 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 volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres 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. 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 Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland 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 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6 and metal industry (SIC 37-38) 25.9.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — CONSTRUCTION OF BUILDINGS

Page 17. *Labour* figures supplied by the Central Statistical Office. As of the beginning of 1973, the figures for the labour force, the employed labour force and the rate of unemployment are not fully comparable to the previous figures. The sample population used in the Labour Force Sample Survey was changed to accord with the data provided by the demographic forecast made in 1973. In January 1973, the labour force was estimated to be about 30 000 persons smaller, and the seasonally unadjusted rate of unemployment about 0.1 percentage point lower, than the corresponding figures derived with the aid of the former sample population.

Commercial timber fellings compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *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. 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. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

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 1972 is as follows: Social Democrats 56, People's Democrats 37, Centre Party 35, Conservatives 33, Finnish People's Unification Party 13, Swedish Party 9, Liberal Party 6, Finnish Farmers' Party 5, Christian League 4 and Finnish People's Constitutional Party 2.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1958, 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 %. Of the land area (1970) 2.7 mill. ha (9.6 %) are cultivated and 19.1 mill. ha (68.4 %) are covered by forests.

OWNERSHIP OF LAND (1970): The total land area was distributed among different classes of owners approximately as follows: private 60.7 %, State 29.4 %, joint stock companies etc. 8.0 %, municipalities and parishes 1.9 %.

POPULATION

NUMBER OF INHABITANTS (1972): 4.6 million. Sweden 8.1, Switzerland 6.4, Denmark 5.0 and Norway 3.9 million.

DENSITY OF POPULATION (1972): In South Finland 44.4, in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.2 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1972): 55 % of the population inhabit the rural areas, 45 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 507 700 inhabitants, Tampere (Tammerfors) 162 800, Turku (Åbo) 158 300.

EMPLOYMENT (1972): Agriculture and forestry 19 %, industry and construction 35 %, commerce 15 %, transport and communications 7 %, services 24 %.

LANGUAGE (1971): Finnish speaking 93.2 %, Swedish speaking 6.6 %, others 0.2 %.

EDUCATION (1973): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 11 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1972): births 12.7 ‰, deaths 9.6 ‰, change + 4.3 ‰, net immigration 1.2 ‰. Deaths in France 10.6 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1973, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 378 (6 %), forestry and fishing 3 728 (6 %), manufacturing 18 561 (32 %),

construction 5 788 (10 %), transport and communication 5 617 (10 %), commerce, banking and insurance 7 620 (13 %), public administration 2 624 (4 %), ownership of dwellings 2 770 (5 %), services 8 490 (14 %), total 58 576. Index of real domestic product 153 (1964 = 100).

FOREST RESOURCES (1972): The growing stock comprised of 1 481 million m³ (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 619 million m³ was up to the standard required for logs, 55 % of these being pine. The annual growth was 56.2 million m³ and the total removal, calculated on the basis of roundwood consumption, was 54.3 million m³.

AGRICULTURE (1972): Cultivated land 2.7 million hectares. Number of holdings 286 500, of which 189 100 are of more than 5 ha. Measure of self-sufficiency in bread cereals 105 % in the crop year 1972/73.

INDUSTRY (1971): Gross value of industrial production 29 705 mill. marks, number of workers 395 501, salaried employees 105 915, motive power (1971) 6.5 mill. kW. Index of industrial production 101 for 1971 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1974): Length 5 897 km.

MERCHANT FLEET (June 30, 1974): Steamers 27 (21 100 gross reg. tons), motor vessels 370 (755 300 gross reg. tons), tankers 60 (730 100 gross reg. tons). Total 457 (1 506 500 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1973): Passenger cars 894 100, lorries and vans 119 900, buses 8 400, others 5 700. Total 1 028 100.

FINNISH AIRLINES (April 30, 1974): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6s, 8 Super Caravelles 8 DC-9s and 6 Conair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 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 one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

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, 1973). There are two big and five small commercial banks with in all 846 offices, 298 savings banks, 398 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-eight private insurance companies also grant credits.

RATES OF INTEREST (July 1, 1973). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 9 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ and 10 ½ %. Other credit institutions: term deposits 5 ¾ %; 6 month deposits 6 ¼ %; 12 month deposits 6 ¾ %; 24 month deposits 7 ¾ %; and sight deposits 1 ½ %; highest lending rate 12 ¼ %.

THE REVISION OF THE FINNISH ACCOUNTING LEGISLATION

by Risto Järvinen, Lic.Sc. (Econ.) and Mauno Sihto, M.Sc. (Econ.)
Chartered Accountants

OBLIGATION TO KEEP ACCOUNTS

At the beginning of 1974, revised legislation concerning accounting came into force in Finland. According to the new Accounting Law, business enterprises and professionals are obliged to keep books on the basis of the nature of their activities, while joint stock companies, co-operative associations, limited and unlimited partnerships, various societies and similar organizations, as well as foundations, must keep accounts on the basis of their legal status. The scope of their obligation to keep records is much narrower for professionals than for business enterprises.

When formulating the new accounting legislation, the main emphasis was laid on providing rules for business enterprises. Non-profit organizations and foundations are to observe the provisions set forth in the Accounting Law whenever they are applicable. The regulations concerning accounting included in other laws, e.g. the Companies Act and the laws governing banking and insurance, or the stipulations laid down by the authorities concerned on the basis of any other law, supersede the relevant provisions set forth in the new Accounting Law. In accordance with the traditional accounting concept, the Law includes separate chapters on the recording of transactions (Chapter 2), the procedure for closing the books at the end of the accounting year (Chapter 3) and the publishing of the income statement and the balance sheet (Chapter 6).

RECORDING OF TRANSACTIONS

Expenses, revenue, financial transactions, as well as accrued and deferred items make up the major categories of transactions recorded

in the accounts. Recording may be done on either commitment or cash basis during any given accounting period. However, when the accounts are closed, the expenses and revenue must be recorded on a commitment basis. The books must be kept up-to-date, and at least the cash transactions are to be recorded in chronological order without delay. Other journal and all ledger entries must be made within two months after the end of the month when the actual transaction took place. When cash transactions are recorded in the journal, they may be entered as daily totals, whereas other entries may be recorded as monthly totals.

The entries must be based on sales slips, cash vouchers or other verifications which confirm the accuracy of entries and describe the nature of the transaction. Verification of payment is to be submitted by the recipient of the payment or by the financial institution in charge of the payment concerned. For those who apply ADP methods in their accounting, the Law contains special stipulations concerning the visual audit trail based on the »around the computer» concept and documentation. More specified regulations are set forth in the Accounting Statute.

REQUIREMENTS FOR CLOSING THE BOOKS AND FOR THE PREPARATION OF FINANCIAL STATEMENTS

According to the Law, the income statement and the balance sheet must be prepared as at the end of the accounting year. There are four different formats for a income statement, i.e. those for business enterprises, non-profit organizations and foundations, real estate and professionals. The balance sheet format is the same for all these groups, except professionals.

THE INCOME STATEMENT OF BUSINESS ENTERPRISES

The format for the income statement of business enterprises set forth in the Accounting Statute, is shown below:

INCOME STATEMENT	
for the year ended	19.....
Gross sales .....	.....
Direct deductions:	
Discounts .....	.....
Credit losses .....	.....
Sales taxes .....	.....
Other deductions .....	.....
Turnover, net .....	.....
Variable expenses:	
Materials and supplies/ merchandise .....	.....
Wages .....	.....
Other variable expenses .....	.....
Own use — .....	.....
Change in inventories ± .....	.....
Gross margin .....	.....
Fixed expenses:	
Salaries .....	.....
Rents and leases .....	.....
Other fixed expenses .....	.....
Operating margin .....	.....
Depreciation:	
Buildings .....	.....
Machinery & equipment .....	.....
Intangible assets .....	.....
Other long-term expenses .....	.....
Net earnings from operations .....	.....
Other income and expenses:	
Interest .....	.....
Dividends .....	.....
Other income .....	.....
Other expenses .....	.....
Change in reserves	±
Interest expenses .....	.....
Direct taxes .....	.....
Net earnings for the period .....	.....

In some respects the format is only a recommendation. For instance, sales deductions may be excluded, in which case the net turnover is the first item of the statement. Similarly, the breakdown of expenses into variable and fixed components is voluntary. Thus the income statement can be expressed in a condensed form:

Turnover, net
Expenses
Materials and supplies/merchandise
Wages and salaries
Rents and leases
Other expenses
Own use
Change in inventories
Operating margin

The official income statement shall be specified in accordance with the preceding detailed format. A complete income statement is fairly informative and it describes clearly the development of net earnings step by step. However, it is not necessary to present inventory reserves separately as changes in reserves, for they may be included in variable expenses.

THE BALANCE SHEET

The main categories of the new balance sheet are almost similar to those provided by the former Accounting Law, which came into force in 1945. However, a number of details have been revised. The format for the balance sheet is shown below.

Liquid assets include i. a. assets in cash and bank accounts as well as accounts receivable. According to the Finnish accounting practices, liquid assets and inventories are to be presented separately. This principle is based on the idea that inventories should be sold before they can be regarded as liquid assets.

Accounts receivable and payable for sales or purchases should be presented separately. The rules for inventory valuation are based on the cost or replacement value, whichever is the

ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

Liquid assets

Cash and bank	.....
Accounts receivable	.....
Other receivables	.....
Advances	.....
Prepaid expenses and accrued income	.....
Other liquid assets	<u>.....</u>

Inventories

Materials and supplies	.....
Products/Merchandise	.....
Other inventories	<u>.....</u>

**Fixed assets and other
long-term expenses**

Work in process for own use	.....
Land and water areas	.....
Buildings	.....
Machinery and equipment	.....
Other fixed assets	.....
Securities	.....
Intangible assets	.....
Other long-term expenses	<u>.....</u>

**Other long-term
investments**

Adjusting items	<u>.....</u>
	<u>.....</u>

Liabilities

Current liabilities	
Accounts payable	.....
Advances	.....
Prepaid income and accrued expenses	.....
Notes payable	.....
Other current liabilities	<u>.....</u>

Long-term debt

Bank loans	.....
Loans from pension institutions	.....
Other long-term debt	<u>.....</u>

Adjusting items

Reserves

Investment reserves	.....
Other reserves	<u>.....</u>

Shareholders' equity

Share or other primary capital	.....
Other equity	.....
Net earnings of the period	<u>.....</u>

lower, and the FIFO principle is as the assumption. The principles of direct costing are generally followed. It is permissible to make deductions for obsolescence and a further deduction not exceeding 50 per cent of the remaining cost for a general inventory reserve. It is not necessary to set forth this reserve in the balance sheet, although many firms voluntarily present these deductions in their balance sheets and annual reports.

Current liabilities include the debts which are due within one year.

ALLOCATION OF EXPENSES

When closing the accounts, expenses incurred within the accounting period are deducted from the revenue accrued during the same period, i.e., the matching principle is followed when determining the earnings for any given period. The rules of allocation of expenses are not very detailed, but the overall rule prohibits »overbalancing» of expenses.

The balance sheet may contain only those accrued expenses which are to produce income

in future. Depreciation of fixed assets is often done in accordance with the detailed provisions set forth in the Law on the Taxation of Business and Professional Income.

There are some exceptions to the matching principle. For example, firms are allowed to set aside various reserves for future expenses or losses. Such reserves include, e.g., reserves for capital investment, export reserves, reserves for bad debts and inventory reserves.

RECEIVABLES AND LIABILITIES

Receivables shall be valued at their nominal value, if this does not exceed their realizable value. The receivables denominated in foreign currencies are to be converted into Finnish marks at a rate not exceeding the daily public quotation of the buying rate for the currency concerned on the closing date.

Liabilities in the balance sheet are to be recorded at their nominal value, or, if they are index-linked, at their nominal value plus the index correction. The liabilities denominated in foreign currencies are to be converted into Finnish marks at the daily official selling rate for the currency concerned on the date when the debt was incurred. If the rate is higher on the date of the closing of the accounts, this higher rate should be applied.

THE PUBLISHING OF INCOME STATEMENT AND BALANCE SHEET

All joint stock companies and co-operatives, excluding housing societies, have to publish their financial statements. Other firms must publish their financial statements, if the turn-

over for the accounting period exceeds two million marks, or if their balance sheet totals more than one million marks.

THE ACCOUNTING BOARD

An Accounting Board acts together with the Ministry of Trade and Industry to help in the interpretation of the Accounting Law. Under exceptional conditions, the Accounting Board may permit firms to deviate temporarily from the rules concerning the publishing of the financial statements. It can also give permission to firms to preserve the accounting material on microfilm. The Law requires that the accounting records and some business correspondence be preserved for at least six years after the accounting period has ended. The accounting books shall be preserved for ten years.

CONCLUSION

The main purpose of the revision of the accounting legislation was to improve the regulations concerning annual reporting. Accordingly, the legislation was built on the basic concepts of expense and revenue and on the realization and matching principles. The recent remarkable development of the theory of financial accounting in Finland was of great help in preparing the legislation.

In Finland the theory of accounting and the new Accounting Law are based on the concept of historical cost. In certain cases it is permissible to record fixed assets at their realizable value, but historical costs are used as a basis of depreciation. The application of a system of accelerated depreciation and the use of various reserves make it possible to take into account some of the effects of inflation.

ITEMS

300 million marks of counter-cyclical withholdings. On August 15, 1974 the Government and the Central Association of Finnish Forest Industries concluded an agreement concerning the collection of counter-cyclical withholdings. According to this agreement, 300 million marks in withholdings will be collected from the member organizations of the Association in three instalments of one hundred million marks each before the end of next October, December and February. Of these funds, 150 million marks will be deposited on blocked accounts in the Bank of Finland in the name of each depositor (firm), and the remaining 150 million marks will be transferred to the counter-cyclical reserves of the central government. The funds deposited on the blocked accounts will be repaid to the

depositors before the end of next year, and they will bear interest at a rate which will be agreed upon by the contracting parties. Of the half to be transferred to the central government's counter-cyclical reserves, 60 million marks will be set aside for forest research and improvement, while 90 million marks will be earmarked for investment subsidies or loans for firms participating in the withholding scheme.

National income. The Central Statistical Office has recently published the provisional figures for national income in 1973. The following tables indicate the developments of certain items of national income in the period 1970—1973.

Table 1. Distribution of the national income, mill. mk

	1970	1971	1972	1973*
Compensation of employees	21 666.1	24 722.5	28 846.5	34 943.8
Income from unincorporated enterprises	4 936.8	5 339.4	5 765.7	6 610.1
Household income from property	3 826.4	4 185.0	4 732.5	5 147.9
General government income from property and entrepreneurial activities	1 264.9	1 341.4	1 522.2	1 789.7
Corporate saving	2 088.2	1 464.6	1 902.5	2 714.5
Direct taxes on corporations	776.7	749.9	897.4	1 111.6
Less interest on the public debt	422.2	438.6	469.6	483.5
Less interest on consumers' debt	141.3	164.3	176.0	234.5
National income	33 995.6	37 199.9	43 021.2	51 599.6
Net factor income from abroad	387.0	451.5	567.5	704.4
Net domestic product at factor cost	34 382.6	37 651.4	43 588.7	52 304.0

Table 2. Disposable income, consumption and saving, mill. mk

	1970	1971	1972	1973*
Households:				
Disposable income	26 004.6	29 145.0	33 270.3	38 454.5
Consumption	22 901.7	24 941.1	28 986.7	33 888.4
Saving	3 102.9	4 203.9	4 283.6	4 566.1
Corporations:				
Disposable income (= saving)	2 088.2	1 464.6	1 902.5	2 714.5
General government:				
Disposable income	10 569.8	12 029.3	14 009.2	17 896.8
Consumption	6 914.0	7 936.7	9 294.7	11 261.6
Saving	3 655.8	4 092.6	4 714.5	6 635.2
Total:				
Disposable income	38 662.6	42 638.9	49 182.0	59 065.8
Consumption	29 815.7	32 877.8	38 281.4	45 150.0
Saving	8 846.9	9 761.1	10 900.6	13 915.8

Table 3. Expenditure on gross national product, mill. mk

	1970	1971	1972	1973*
Private consumption expenditure	22 901.7	24 941.1	28 986.7	33 888.4
General government consumption expenditure	6 914.0	7 936.7	9 294.7	11 261.6
Gross private capital formation	9 347.5	10 837.4	12 352.5	15 337.7
Gross general governmental capital formation	1 914.8	2 139.7	2 748.4	3 150.7
Increase in stocks and statistical error	3 112.7	2 775.0	1 481.2	3 155.4
Exports of goods and services	11 950.4	12 428.8	15 135.6	18 245.5
Less imports of goods and services	12 549.1	13 397.9	15 090.4	18 964.1
Expenditure on gross domestic product	43 592.0	47 660.8	54 908.7	66 075.2
Net factor income from abroad	—387.0	—451.5	—567.5	—704.4
Expenditure on gross national product	43 205.0	47 209.3	54 341.2	65 370.8

Table 4. Annual changes in the volume of fixed capital formation, per cent

	1970	1971	1972	1973*
Construction of buildings	+17	—1	+10	+12
Dwellings	+19	+2	+15	+ 9
Other	+14	—5	+ 2	+16
Road and waterway construction	— 3	+7	+ 2	+ 0
Machinery and equipment	+17	+8	+ 5	— 0
Volume of fixed capital formation	+13	+4	+ 6	+ 5

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

*Absent as a Member
of Government*

Päiviö Hetemäki

Pentti Uusivirta

Pertti Tammivuori

ad int.

Directors

Jouko J. Voutilainen

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Senior officials

Pertti Kukkonen

Director, ADP-planning

Pauli Kanerva

Eino Helenius
Administration

K. Ignatius

Personnel

Antti Lehtinen

*Domestic Financial
Operations*

Kalle Koski

Capital Transfers

Kari Nars

Foreign Exchange Policy

Raili Nuortila

Eastern Trade

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept.

Heikki Koskenkylä

Research Dept., ad int.

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign Correspondence

Stig Björklund

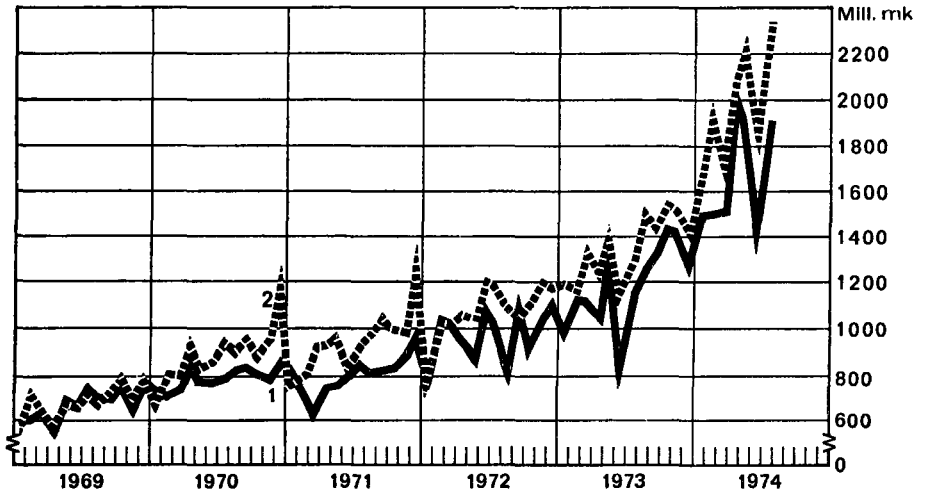
Banking Services

Eino Suomela

Internal Audit

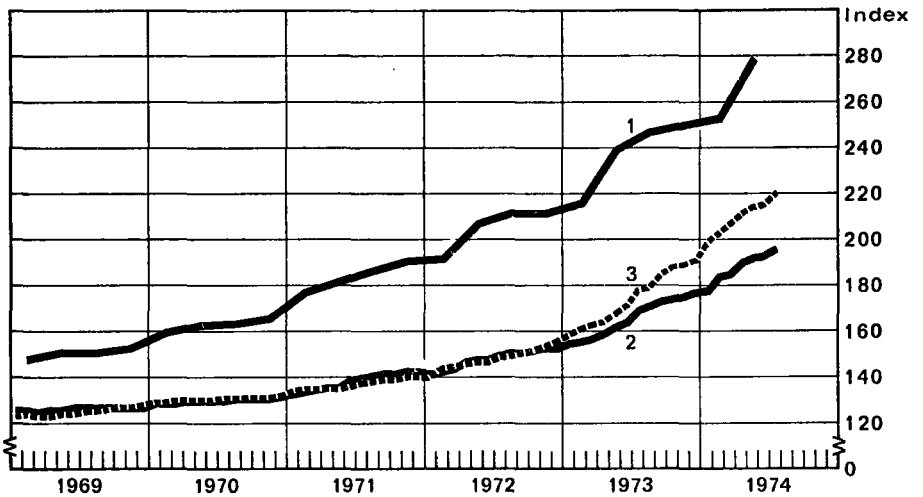
Foreign trade, 1969-1974

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



Prices and wages, 1969-1974

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, 1969-1974

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

