BANK OF FINLAND

Monthly Bulletin

Recent monetary policy

Finnish merchant shipping

Finland's balance of payments January—March 1979

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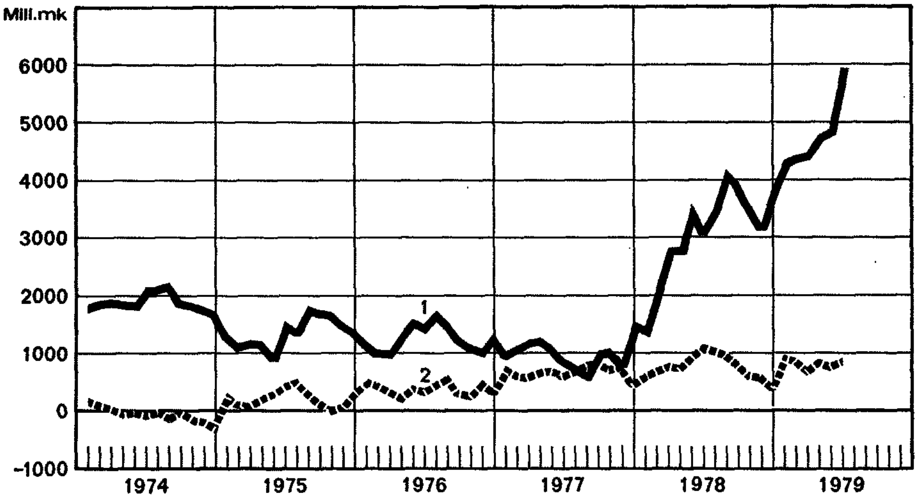
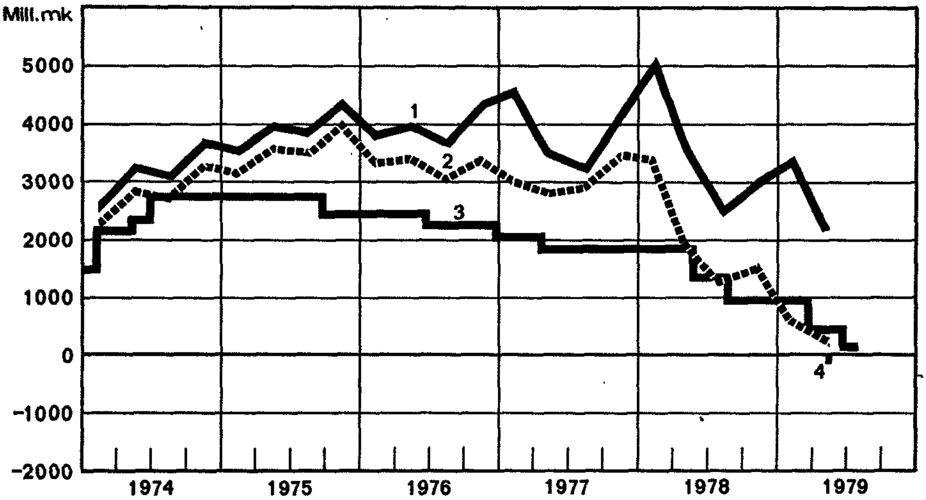
BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1974-79



1. Gold and convertible currencies
2. Tied currencies

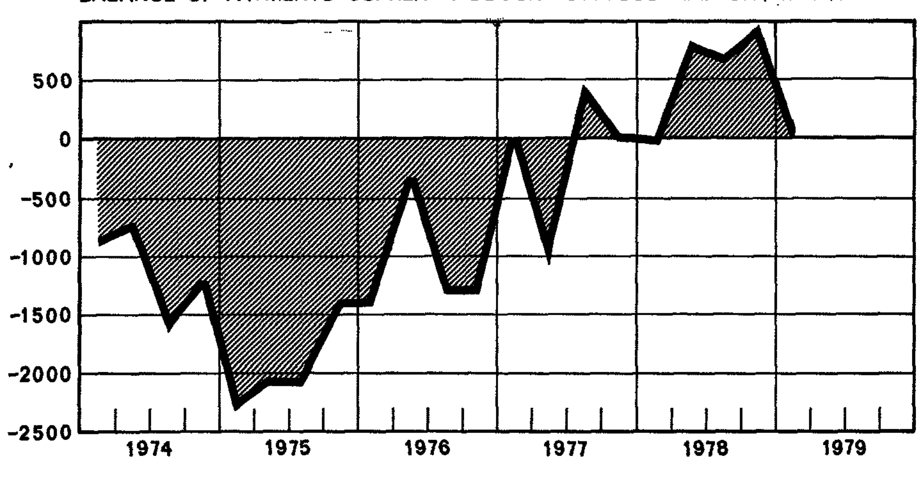
COMMERCIAL BANKS' CENTRAL BANK POSITION, 1974-79



1. Total central bank debt
2. Actual central bank debt
3. The quotas
4. Cash reserve deposits

Quarterly average of daily amounts (1, 2 and 4)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1974-79



Seasonally adjusted quarterly figures

RECENT MONETARY POLICY

The fairly marked deceleration of Finland's economic growth in the second half of the current decade has had a number of implications for financial conditions and monetary policy. The excess demand for finance which characterized the Finnish economy for much of the postwar period has, at least for the time being, waned quite considerably, and a pervasive increase in both liquidity and liquidity preference has taken place. The decline in the propensity to invest of the corporate sector has been accompanied by a substantial fall in this sector's need for outside finance as well as by an improvement in its debt structure. The financial saving of the household sector has grown, and central government liquidity has improved despite the emergence of a financial deficit in 1978. The persistent current account deficit was eliminated in the same year, and the foreign exchange reserves of the Bank of Finland have increased substantially.

These developments are all reflected in recent trends in the balance sheet of the central bank (see chart). The growth of the net foreign assets of the Bank of Finland is the counterpart of both the current account surplus and fairly brisk imports of capital by the government which have more than offset the private outflows that have taken place. The growth of the claims on the Bank of Finland of the government and Postipankki, which acts as banker to the government, is one sign of the increase in government liquidity. The decline in the indebtedness of the banks to the central bank has been made possible primarily by sluggish demand for investment finance and by the fairly strong increase in deposits.

These changes lie behind two recent reforms in the methods of monetary control used in Finland. Traditionally, the main method of control has been the regulation of the cost and availability of credit extended by the Bank of Finland to the commercial banks. The progressive reduction in the central bank debt of the banks and potential emergence of net receivables at the central bank would undermine this approach. Accordingly, a cash reserve system was established in March 1979.[1] The reserve coefficient has been raised from 0 to 1.2 per cent of the stock of deposits in four steps (to 0.2 per cent in May, to 0.4 per cent in June, to 0.8 per cent in July and to 1.2 per cent in August).

The second major reform — the revision of the rules regulating borrowing from the central bank — was prompted by changes in the composition of the banks' debt to the central bank. Banks have been able to borrow from the central bank both in the context of the quota facility and in the context of the call money market, a deposit and overdraft facility in the central bank. The call money market is also a repository for liquidity built up by the government and kept with Postipankki.

The general increase in liquidity in the economy has enabled the banks to reduce their dependency on the central bank, but at the same time the growth of government liquidity has led to a large flow of funds into the call money market and a rise in borrowing by the banks from this source (see middle chart facing page 1 — the difference between the total and actual central bank debt of the commercial banks is equal to Postipankki's call money deposits). Since the spring of 1978 the Bank of Finland has lowered the quotas in step with the reduction in the quota-related debt of the banks and raised the banks' entitlement to use the call money market.

In order to make the overall system more coherent, the Bank of Finland altered the general rules regulating borrowing from the central bank from 1st July 1979. The right

[1] See the April, 1979 number of this Bulletin.

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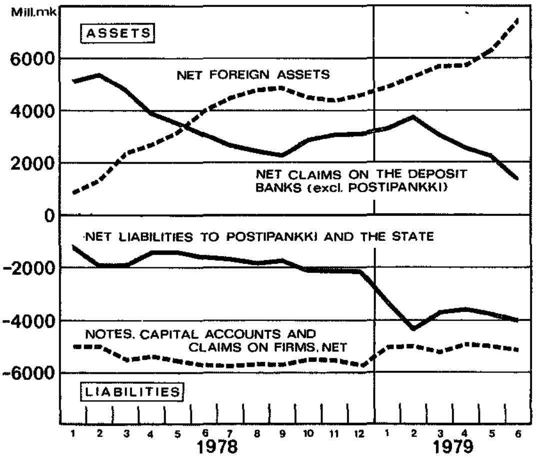
BALANCE SHEET OF THE BANK OF FINLAND



to borrow in excess of the quotas at gradually increasing interest rates was rescinded. Banks are no longer permitted to exceed their quotas on average over the month, but they may meet daily liquidity needs from this source as long as their borrowing does not exceed 2.5 times their individual quotas on any given day. The quotas were reduced from 500 to 200 million marks on 1st July. Borrowing now takes the form of cheque account overdrafts instead of the previous discounting and rediscounting of bills.

The ceiling on the use of call money overdrafts was raised from 4 000 to 5 000 million marks. If a bank exhausts both its quota and call money facilities, it can obtain finance from the central bank only by engaging in bond repurchase transactions of one week's duration. The effective rate on these transactions is 17.3 per cent per annum instead of the previous 26 per cent.

Before July 1979, Postipankki could obtain central bank finance to only a very limited extent. Now, however, it has been granted an overdraft limit of 50 million marks, subject to the condition that its average overdraft over the month does not exceed 10 million marks, and it will be allowed to borrow in the call money market up to a limit of 600 million marks. The first facility is meant to enable Postipankki to deal with daily fluctuations in its own liquidity while the second is meant to ease the management of seasonal fluctuations in the State's liquidity position.

This reform means that the call money market will become a more important arena for the conduct of monetary policy. This should make for greater overall flexibility since measures affecting this market can be implemented quickly and easily.

It is important to stress that neither of these reforms signals a change in policy stance. In order to ensure that a shortage of finance would not constitute an obstacle to investment and an investment-led recovery in economic activity, the Bank of Finland has been pursuing a fairly easy monetary policy since the first quarter of 1978 when the February devaluation restored confidence in the external value of the currency.

Throughout most of the current year, the call money rate has been kept between 8 and 8½ per cent by various policy actions such as net provision or absorption of call money funds and sales by the central bank of deposit certificates to the State.

As long as liquidity preferences are as strong as they are today, the build up of liquidity which has occurred should not threaten price stability. Present conditions in the financial market will be maintained as long as recent trends continue. However, should inflation accelerate substantially, a more restrictive monetary policy might well be warranted.

July 20, 1979

	1978		1979			
	July 31	Dec. 30	July 6	July 13	July 23	July 31
Assets						
Gold and foreign exchange receivables	4 686	4 339	6 749	7 035	7 050	6 637
Gold	133	169	169	169	169	169
Special drawing rights	167	316	451	458	458	458
IMF reserve tranche	—	243	236	236	236	236
Convertible currencies	3 283	3 126	4 999	5 322	5 303	5 004
Tied currencies	1 103	485	894	850	884	770
Other foreign receivables	2 659	1 968	2 706	2 732	2 753	2 796
Foreign bills [1]	604	—	—	—	—	—
Foreign bonds	699	872	1 600	1 626	1 647	1 690
Mark subscription to Finland's IMF quota	1 356	1 096	1 106	1 106	1 106	1 106
Receivables from financial institutions	3 437	3 695	1 508	2 518	1 743	1 716
Banks' cheque accounts	84	137	167	248	193	380
Discounted bills	1 571	970	—	—	—	—
Bonds	340	361	354	367	369	369
Call money market advances	1 408	2 213	958	1 871	1 151	935
Other financial institution receivables	34	14	29	32	30	32
Receivables from the public sector	404	633	849	851	854	853
Government promissory notes	—	188	346	346	346	346
Bonds	75	93	131	131	135	135
Total coinage	326	336	364	364	364	364
Other public sector receivables	3	16	8	10	9	8
Receivables from corporations	1 297	1 948	2 179	2 198	2 201	2 230
Financing of exports [2]	224	904	1 031	1 029	1 022	1 025
Financing of domestic deliveries	751	752	812	830	838	859
Bonds	202	207	207	207	207	207
Other corporate receivables	120	85	129	132	134	139
Other assets	61	64	69	69	69	69
Total	12 544	12 647	14 060	15 403	14 670	14 301
Liabilities						
Foreign exchange liabilities	59	60	35	27	22	20
Convertible accounts	40	46	23	25	22	20
Tied accounts	19	14	12	2	0	0
Other foreign liabilities	3 038	2 195	2 077	2 077	2 077	2 077
IMF mark accounts	2 320	1 881	1 623	1 623	1 623	1 623
Allocations of special drawing rights	301	314	454	454	454	454
Term liabilities	417	—	—	—	—	—
Notes and coins in circulation	3 520	3 822	4 141	4 113	4 051	4 025
Notes	3 222	3 509	3 816	3 786	3 719	3 690
Coins	298	313	325	327	332	335
Deposit certificates in circulation	760	1 090	3 378	3 378	3 378	3 378
Claims of financial institutions	2 032	2 520	1 647	2 689	2 081	1 704
Banks' cheque accounts	1	2	5	1	11	4
Call money market deposits	1 623	2 075	1 223	2 279	1 702	1 104
Cash reserve deposits	—	—	235	235	235	482
Capital import deposits	357	405	181	173	131	111
Other financial institution claims	51	38	3	1	2	3
Claims of the public sector	203	114	41	374	372	373
Cheque accounts	1	2	0	0	1	1
Counter-cyclical reserves	38	40	40	40	40	40
Capital import deposits	163	70	—	334	331	332
Other public sector claims	1	2	1	0	0	0
Claims of corporations	304	356	402	402	398	401
Deposits for investment and ship purchase	46	32	115	115	115	117
Capital import deposits	245	303	284	284	281	282
Import levy deposits	8	6	1	1	1	1
Other corporate claims	5	15	2	2	1	1
Other liabilities	14	12	16	14	14	14
Equalization accounts	568	350	134	142	92	126
Capital accounts	2 046	2 128	2 189	2 187	2 185	2 183
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	545	545	636	636	636	636
Undisposed profits	—	—	92	92	92	92
Net earnings	101	183	61	59	57	55
Total	12 544	12 647	14 060	15 403	14 670	14 301

[1] From Dec. 31, 1978 included in Financing of exports. [2] Until Dec. 31, 1978 New export bills.

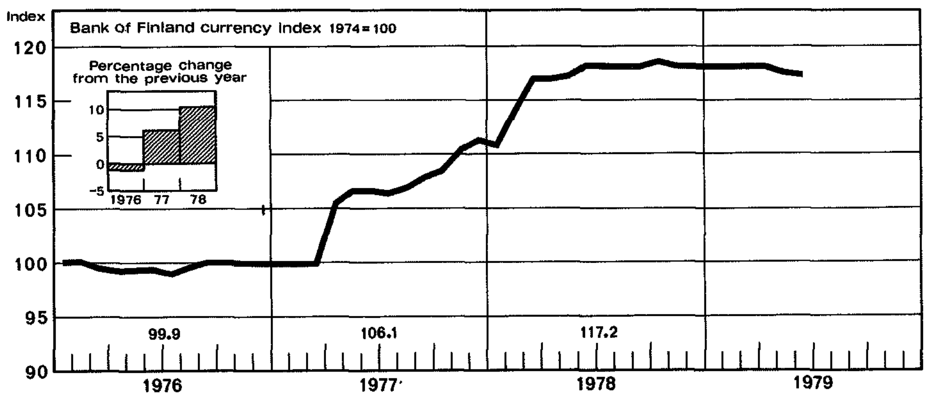
End of year or month	Foreign sector: Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserves (1—2)	Tied exchange reserves	Other receivables	Other liabilities	**Net receivables (3+4+5—6)**	Public sector: Receivables	Liabilities	**Net liabilities (9—8)**	Deposit certificates in circulation
	1	2	3	4	5	6	7	8	9	10	11
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250
1976	1 361	50	1 311	389	1 660	1 923	1 437	447	1 133	686	—
1977	1 602	53	1 549	496	1 959	3 447	557	391	328	— 63	200
1978	3 854	46	3 808	471	1 968	2 195	4 052	633	114	—519	1 090
1978											
July	3 583	40	3 543	1 084	2 659	3 038	4 248	404	203	—201	760
Aug.	4 237	43	4 194	1 019	2 407	2 786	4 834	453	202	—251	859
Sept.	4 039	53	3 986	842	2 428	2 756	4 500	464	199	—265	1 209
Oct.	3 620	48	3 572	663	2 551	2 729	4 057	614	191	—423	1 359
Nov.	3 252	31	3 221	622	2 553	2 197	4 199	624	138	—486	890
Dec.	3 854	46	3 808	471	1 968	2 195	4 052	633	114	—519	1 090
1979											
Jan.	4 364	38	4 326	983	2 061	2 335	5 035	791	114	—677	1 718
Feb.	4 446	44	4 402	920	2 120	2 213	5 229	798	114	—684	1 718
March	4 508	39	4 469	754	2 288	2 213	5 298	821	113	—708	2 068
April	4 790	28	4 762	900	2 366	2 213	5 815	822	113	—709	2 288
May	4 906	25	4 881	824	2 548	2 077	6 176	828	112	—716	2 588
June	5 999	30	5 969	901	2 637	2 077	7 430	844	41	—803	3 378
July	5 867	20	5 847	770	2 796	2 077	7 336	853	373	—480	3 378

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1978: Bank of Finland	Other	Total	Net holdings, June 30, 1979: Bank of Finland	Other	Total	Change: June	Jan.—June
Gold	169	—	169	169	—	169	—	—
Special drawing rights	315	—	315	451	—	451	—	+ 136
IMF reserve tranche	243	—	243	236	—	236	—	— 7
Convertible currencies	3 080	—2 072	1 008	5 113	—4 792	321	+ 331	— 687
Total	3 807	—2 072	1 735	5 969	—4 792	1 177	+ 331	— 558
Non-convertible currencies	471	152	623	901	137	1 038	+ 61	+ 415
Grand total	4 278	—1 920	2 358	6 870	—4 655	2 215	+ 392	— 143

End of year or month	Discounted and rediscounted bills	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	**Net receivables (1+2+3—4—5—6)**	Permanent special financing schemes	Liabilities, net	**Net receivables (8—9)**	Notes and coins in circulation
	Domestic financial sector							Corporate sector			
	1	2	3	4	5	6	7	8	9	10	11
1972	753	5	—	—	—	2	756	321	73	248	1 879
1973	2 556	61	—	—	—	2	2 615	372	259	113	2 082
1974	3 034	110	—	—	—	—261	3 405	631	195	436	2 462
1975	3 385	130	372	95	—	—343	4 135	933	539	394	2 855
1976	2 920	172	1 204	1 137	—	—372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	— 74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1978											
July	1 571	83	1 408	1 623	—	34	1 405	1 297	304	993	3 520
Aug.	1 320	80	1 229	1 628	—	108	893	1 288	505	783	3 414
Sept.	1 107	77	1 680	1 298	—	59	1 507	1 311	372	939	3 538
Oct.	1 113	69	2 013	1 413	—	87	1 695	1 298	344	954	3 431
Nov.	968	168	1 995	1 821	—	60	1 250	1 297	360	937	3 492
Dec.	970	136	2 213	2 075	—	69	1 175	1 656	64	1 592	3 822
1979											
Jan.	919	113	2 080	2 573	—	183	356	1 680	71	1 609	3 512
Feb.	891	168	2 431	3 135	—	95	260	1 669	37	1 632	3 653
March	829	113	1 735	2 138	—	— 23	562	1 693	27	1 666	3 740
April	349	176	1 808	2 078	—	—116	371	1 673	10	1 663	3 822
May	379	138	1 368	1 589	115	—174	355	1 742	98	1 644	3 923
June	295	116	736	1 246	235	—210	—124	1 827	67	1 760	4 186
July	—	376	935	1 104	482	—287	12	1 884	55	1 829	4 025

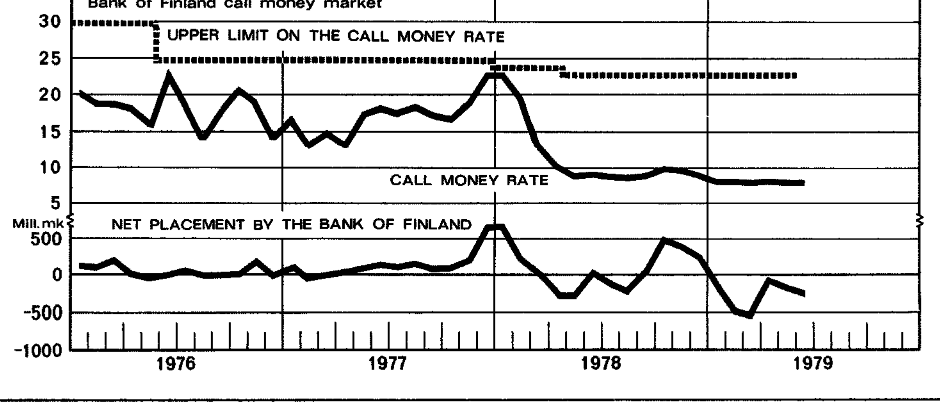


MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks[3] mill. mk	Cash reserve deposits of the commercial banks[3] mill. mk	Bank of Finland placements in the call money market, mill. mk	Basic discount rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks[1] %
	1	2	3	4	5	6	7	8	9	10
1972	809	798	1 224	—	—	—	7.75	—	7.75	7.87
1973	2 042	1 819	1 333	—	—	—	8.50	—	9.99	8.65
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 [2]	9.25	26.80 [2]	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1978										
July	2 700	1 452	1 400	—	—	—182	7.25	9.14	7.87	7.86
Aug.	2 552	1 260	1 400	—	—	—271	7.25	8.97	7.61	7.94
Sept.	2 373	1 253	1 000	—	—	100	7.25	9.18	7.90	7.88
Oct.	2 961	1 754	1 000	—	—	524	7.25	10.04	8.59	7.88
Nov.	3 105	1 573	1 000	—	—	421	7.25	9.85	8.31	7.86
Dec.	3 134	1 397	1 000	—	—	287	7.25	9.29	7.94	7.87
1979										
Jan.	3 334	838	1 000	—	—	—243	7.25	8.48	7.68	7.83
Feb.	3 814	553	1 000	—	—	—509	7.25	8.40	7.59	7.83
March	3 138	455	1 000	—	—	—588	7.25	8.29	7.53	7.81
April	2 682	417	500	—	—	—143	7.25	8.42	7.76	7.82
May	2 343	292	500	4	3	—226	7.25	8.35	7.65	7.83
June	1 499	200	500	123	108	—308	7.25	8.35	7.52	..
July	1 268	—180	200	243	212	—388	7.25	8.31	..	..

See explanations on page 22.

[1] End of period.
[2] 1. 9.—31. 12. 1975.
[3] See Bulletin April,, 1979, page 1.

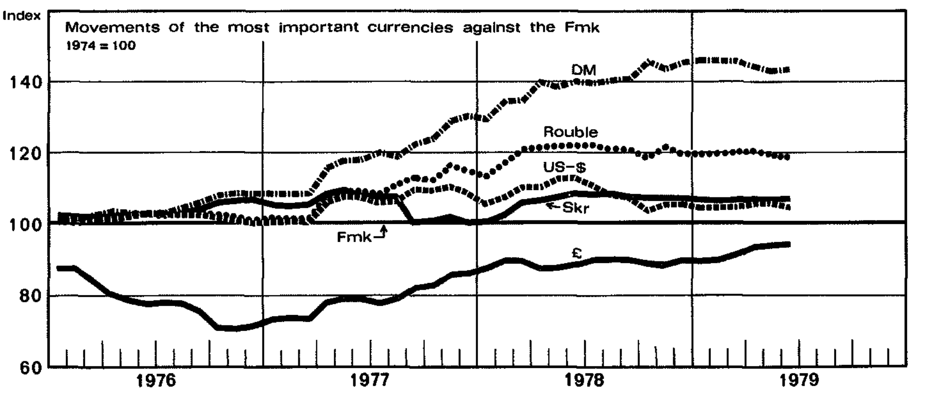


FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 Cl Rbl SUR	Currency index 1974 = 100
	1	2	3	4	5	6	7	8	9	10
1972	4.146	10.368	87.20	62.97	59.72	130.07	108.64	82.25	4.960	102.1
1973	3.816	9.355	87.76	66.64	63.47	144.34	121.22	86.10	5.159	102.5
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1978										
July	4.209	7.995	92.96	78.33	75.41	205.21	233.82	95.13	6.137	118.5
Aug.	4.113	8.005	92.96	78.57	75.15	206.32	247.18	94.93	6.079	118.5
Sept.	4.076	7.994	92.40	78.50	75.28	207.03	259.64	93.81	6.091	118.5
Oct.	3.939	7.919	92.07	80.23	77.20	214.03	256.37	93.81	5.988	118.7
Nov.	4.008	7.885	92.04	79.53	76.58	211.17	240.28	92.57	6.117	118.5
Dec.	4.012	7.988	91.88	79.16	76.88	213.79	239.61	93.30	6.002	118.5
1979										
Jan.	3.967	7.970	91.55	78.66	77.65	214.91	237.78	93.88	6.018	118.5
Feb.	3.979	7.990	91.38	78.40	77.64	214.63	237.79	93.46	6.018	118.5
March	3.983	8.132	91.49	78.45	77.05	214.34	237.14	93.23	6.024	118.5
April	4.012	8.332	91.65	78.33	76.40	212.10	234.14	92.55	6.055	118.5
May	4.013	8.276	91.59	77.63	74.76	210.53	232.49	91.31	6.032	117.8
June	3.973	8.390	91.71	77.29	73.35	210.71	233.39	91.21	5.956	117.5
July	3.851	8.716	91.52	76.66	73.75	211.37	234.03	91.04	5.915	117.5

See explanations on page 22.

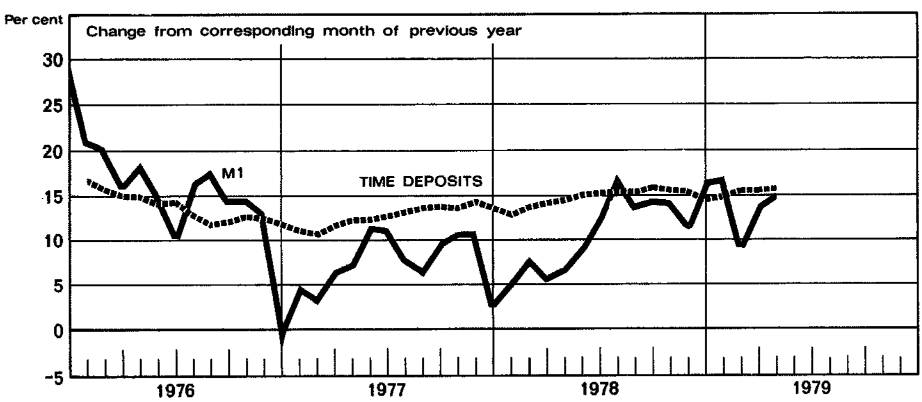


DEPOSITS BY THE PUBLIC[1]

Mill. mk

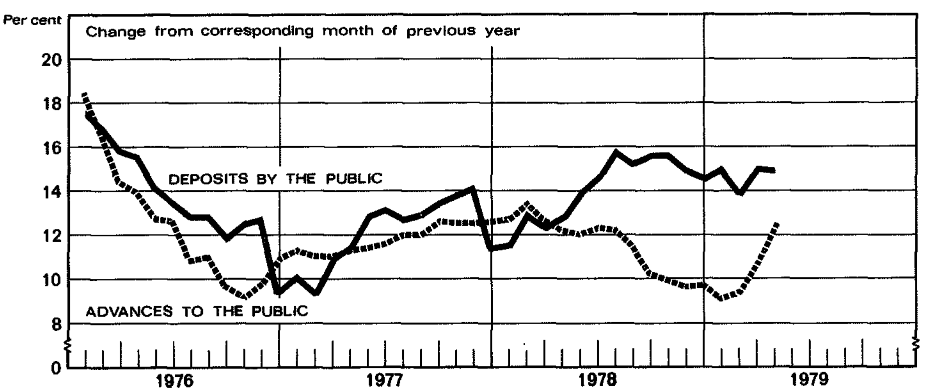
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Postipankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Postipankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1975	3 472	1 181	2 309	6 962	12 176	9 743	7 530	3 200	32 649	39 611
1976	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	36 608	43 372
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1978										
Feb.	3 106	1 468	2 478	7 052	15 191	12 901	9 996	4 243	42 331	49 383
March	2 922	1 420	2 340	6 682	15 350	13 058	10 107	4 363	42 878	49 560
April	3 068	1 414	2 415	6 897	15 596	13 190	10 225	4 368	43 379	50 276
May	3 550	1 541	2 304	7 395	15 975	13 287	10 277	4 393	43 932	51 327
June	3 713	1 517	2 359	7589	16 210	13 523	10 458	4 485	44 676	52 265
July	3 712	1 594	2 352	7 658	16 440	13 679	10 567	4 600	45 286	52 944
Aug.	3 716	1 718	2 237	7 671	16 323	13 956	10 796	4 681	45 756	53 427
Sept.	3 475	1 699	2 226	7 400	16 328	14 008	10 818	4 707	45 861	53 261
Oct.	3 792	1 756	2 106	7 654	16 484	14 081	10 890	4 696	46 151	53 805
Nov.	3 774	1 793	2 039	7 606	16 550	14 342	11 139	4 820	46 851	54 457
Dec.	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979										
Jan.	4 138	1 579	2 089	7 806	16 951	14 720	11 454	4 917	48 042	55 848
Feb.	3 544	1 629	2 081	7 254	17 267	15 045	11 716	5 004	49 032	56 286
March	3 717	1 589	2 108	7 414	17 521	15 231	11 803	5 085	49 640	57 054
April	3 837	1 670	1 995	7 502	17 816	15 405	11 966	5 112	50 299	57 801
May	4 244	1 777	2 271	8 292	17 692	15 584	12 140	5 140	50 556	58 848

[1] New series. See explanations on page 18.



End of year and month	Advances granted by: Commercial banks	Savings banks	Co-op. banks	Postipankki	Types of advances: Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency	Total (1 to 4) (5 to 7)	Money Supply: M_1	M_1+Quasi-Money
	1	2	3	4	5	6	7	8	9	10
1975	20 799	9 108	7 797	5 597	38 285	1 281	3 735	43 301	9 772	43 165
1976	22 077	10 615	9 247	6 120	42 617	1 569	3 873	48 059	9 601	47 014
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1978										
Feb.	25 472	12 509	10 636	6 731	47 977	1 787	5 584	55 348	10 137	53 709
March	25 599	12 553	10 650	6 500	47 817	1 732	5 753	55 302	10 058	54 272
April	25 820	12 661	10 743	6 488	48 095	1 641	5 976	55 712	10 272	54 990
May	25 841	12 816	10 878	6 537	48 575	1 655	5 842	56 072	10 679	55 962
June	26 123	12 914	11 023	6 707	48 930	1 771	6 066	56 767	11 247	57 365
July	26 017	13 048	11 148	6 753	49 217	1 761	5 988	56 966	11 351	58 025
Aug.	25 771	13 241	11 367	6 650	49 649	1 659	5 721	57 029	11 177	58 501
Sept.	25 774	13 477	11 596	6 682	50 317	1 769	5 443	57 529	11 071	58 328
Oct.	25 862	13 658	11 755	6 670	51 022	1 772	5 151	57 945	11 129	58 611
Nov.	26 091	13 846	11 951	6 707	51 673	1 759	5 163	58 595	11 108	59 300
Dec.	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979										
Jan.	26 250	14 214	12 272	6 986	52 889	1 746	5 087	59 722	11 544	61 064
Feb.	26 735	14 373	12 348	7 160	53 558	1 876	5 182	60 616	11 102	61 615
March	27 186	14 446	12 446	7 196	53 701	1 805	5 768	61 274	11 442	62 463
April	28 170	14 598	12 548	7 342	54 374	1 816	6 468	62 658	11 831	63 471
May	28 384	14 826	12 747	7 423	55 035	1 761	6 584	63 380	..	..

[1] New series. See explanations on page 22.



Mill. mk

Revenue	Jan.—May 1978	Jan.—May 1979
Income and wealth tax (net)	3 281	3 507
Gross receipts	(11 366)	(11 405)
Refunds & local authorities	(—8 085)	(—7 898)
Other taxes on income and wealth	131	78
Employers'child allowance payments	331	272
Sales tax	3 656	4 105
Customs duties and import charges and levies	364	433
Excise duties [1]	2 407	2 982
Excise duty on alcoholic beverages [1]	723	924
Excise duty on tobacco	313	347
Excise duty on liquid fuel	905	913
Other excise duties [1]	466	798
Tax on autom. and motor-cycles	333	535
Stamp duties	326	345
Special diesel etc. vehicles tax	62	54
Other taxes and similar revenue [1]	263	290
Total taxes	11 154	12 601
Miscellaneous revenue	957	1 122
Interest, dividends etc.	258	341
Redemptions of loans granted	132	218
Total revenue	12 501	14 282
Foreign borrowing	811	1 148
Domestic borrowing	986	1 258
Total borrowing	1 797	2 406
Deficit (+) or surplus (—)	+565	—81
Total	14 863	16 607

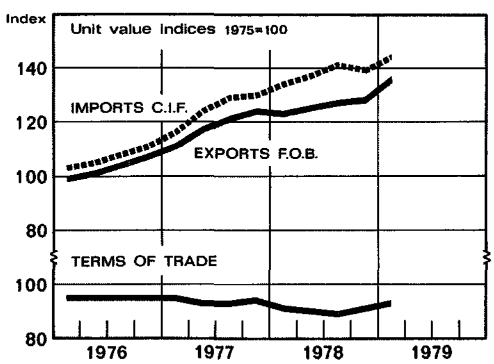
[1] New series.

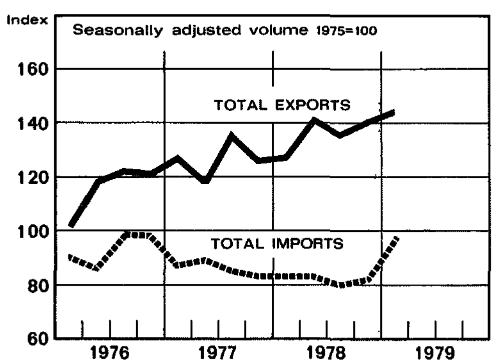
Expenditure	Jan.—May 1978	Jan.—May 1979
Wages, salaries, pensions etc.	2 478	2 740
Repair and maintenance	293	323
Other consumption expenditure	1 315	1 509
Total consumption expenditure	4 086	4 572
State aid to local authorities	3 306	3 421
State aid to industries	1 894	2 467
of which: agric. price subsidies	(1 098)	(1 205)
Child allowances	564	416
Share in national pensions and sickness insurance schemes	132	137
Other transfer expenditure	1 899	2 279
Total transfer expenditure	7 795	8 720
Machinery and equipment	550	603
Construction of buildings	248	264
Land and waterway construction	612	611
Total real investment	1 410	1 478
Interest on State debt	256	383
Net deficit of State enterprises	—78	—259
Other expenditure	20	21
Total other expenditure	198	145
Increase in inventories	—70	—112
Lending	844	962
Other financial investment	197	159
Total expenditure	14 460	15 924
Redemption of foreign loans	100	64
Redemption of domestic loans	303	619
Total redemptions	403	683
Total	14 863	16 607

State debt	1976 Dec.	1977 Dec.	1978 Dec.	1979 Feb.	1979 March	1979 April	1979 May
Foreign debt	2 248	3 679	7 360	7 288	7 609	7 812	7 750
Loans	2 175	2 963	4 607	4 672	4 896	4 943	5 082
Compensatory obligations	1	1	1	1	1	1	1
Short-term credit	287	175	259	237	236	231	221
Cash debt (net)	—643	—669	—735	—486	—186	— 378	—489
Domestic debt	1 820	2 470	4 132	4 424	4 947	4 797	4 815
Total State debt	4 068	6 149	11 492	11 712	12 556	12 609	12 565
Total debt mill $	1 069	1 493	2 859	2 950	3 155	3 144	3 131

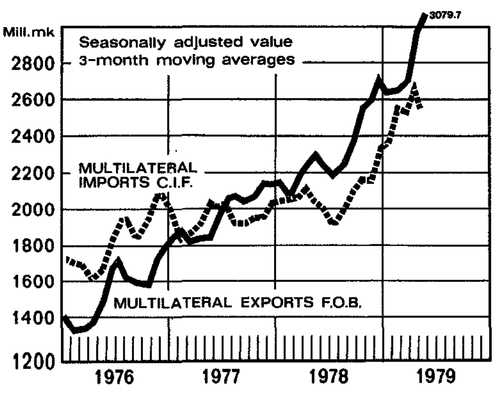
Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (—)
1974	20 687	25 666	—4 979
1975	20 247	28 002	—7 755
1976	24 505	28 555	—4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1978*			
May	2 942	2 935	+7
June	2 823	2 676	+147
July	2 684	2 635	+49
Aug.	2 401	2 473	—72
Sept.	3 240	2 718	+522
Oct.	3 437	3 040	+397
Nov.	3 636	3 140	+496
Dec.	3 364	2 906	+458
1979*			
Jan.	3 438	3 564	—126
Feb.	2 813	2 389	+424
March	3 459	3 163	+296
April	3 374	3 159	+215
May	4 008	3 650	+358
Jan.-May			
1978*	13 621	12 745	+876
1979*	17 093	15 927	+1 166

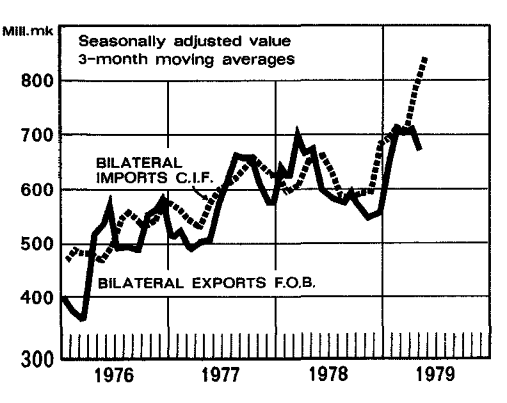
Period	Indices of exports and imports 1975 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1974	121	100	85	92	92
1975	100	100	100	100	100
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91
1976					
Oct.-Dec.	136	107	108	112	96
1977					
Jan.-March	123	83	112	117	96
Apr.-June	115	88	118	125	94
July-Sept.	129	84	122	130	94
Oct.-Dec.	143	93	125	131	95
1978					
Jan.-March	124	78	124	135	92
Apr.-June	136	83	126	139	91
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92
1979*					
Jan.-March	140	90	137	145	94





Period	Exports, f.o.b.					Imports, c.i.f.				
	Agri-cultural and other primary products	Wood industry products	Paper industry products	Metal, en-gineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1974	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1978*										
May	113	431	850	729	819	1 823	199	412	501	0
June	40	414	873	810	686	1 740	196	376	362	2
July	44	414	775	756	695	1 700	233	362	325	15
Aug.	33	330	750	553	735	1 558	215	328	370	2
Sept.	36	421	948	887	948	1 715	200	396	389	18
Oct.	36	454	1 002	987	958	1 942	195	448	453	2
Nov.	50	498	918	1 122	1 048	2 069	197	408	462	4
Dec.	248	421	936	1 021	738	1 908	260	374	361	3
1979*										
Jan.	266	458	918	794	1 002	2 249	235	539	539	2
Feb.	16	337	890	725	845	1 623	83	315	367	1
March	258	327	1 128	797	949	1 964	64	529	604	2
April	17	441	1 107	895	914	1 950	110	585	511	3
May	187	590	1 148	923	1 160	2 329	274	434	612	1
Jan.-May										
1978*	479	1 689	4 200	3 457	3 796	7 794	728	2 109	2 108	6
1979*	743	2 153	5 191	4 135	4 871	10 116	767	2 402	2 633	9





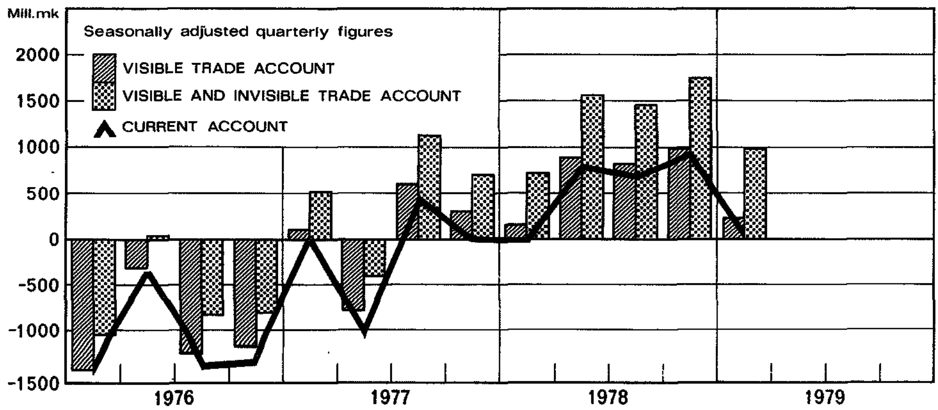
FOREIGN TRADE BY COUNTRIES[1]

Mill. mk

Area and country	Exports, f.o.b. January—May 1978* %	Mill. mk	1979* %	Mill. mk	Imports, c.i.f. January—May 1978* %	Mill. mk	1979* %	Mill. mk
OECD countries in Europe	62.3	8 486	65.7	11 228	61.0	7 769	62.1	9 883
Austria	0.7	97	0.6	111	1.4	182	1.4	221
Belgium and Luxembourg	2.0	277	1.5	248	1.9	239	2.1	329
Denmark	4.0	544	3.9	656	2.8	354	2.7	435
France	4.0	544	4.6	793	3.4	433	3.8	610
Federal Republic of Germany	10.8	1 473	11.6	1 977	14.0	1 788	14.5	2 305
Italy	1.7	227	2.2	372	2.4	312	2.6	415
Netherlands	3.8	517	3.8	655	2.9	373	2.9	467
Norway	4.2	573	5.0	859	3.1	390	2.7	425
Portugal	0.2	27	0.2	34	0.4	44	0.5	85
Spain	0.8	103	0.9	159	0.7	93	1.1	169
Sweden	14.5	1 978	15.5	2 653	15.4	1 959	15.7	2 498
Switzerland	1.9	256	2.0	350	2.2	277	2.1	338
United Kingdom	12.4	1 688	12.4	2 114	9.8	1 251	9.3	1 487
Other	1.3	182	1.5	247	0.6	74	0.7	99
OECD countries outside Europe	7.1	968	7.6	1 294	8.5	1 092	9.4	1 510
Canada	0.6	82	0.6	108	0.4	49	0.6	107
Japan	0.9	122	1.4	236	2.9	372	3.3	534
United States	4.6	624	4.7	800	5.0	641	5.3	838
Other	1.0	140	0.9	150	0.2	30	0.2	31
CMEA countries	20.6	2 808	17.4	2 976	21.0	2 671	20.4	3 248
Czechoslovakia	0.5	62	0.3	47	0.5	60	0.6	90
German Democratic Republic	0.5	74	0.5	81	0.6	82	0.7	103
Poland	0.8	106	0.5	80	2.2	280	1.2	198
Soviet Union	17.8	2 421	15.1	2 590	16.7	2 124	17.1	2 726
Other	1.0	145	1.0	178	1.0	125	0.8	131
Latin America	3.2	435	1.5	253	4.1	518	4.0	631
Argentina	0.2	22	0.2	42	0.3	36	0.3	41
Brazil	0.5	66	0.5	79	0.7	91	1.0	164
Colombia	0.1	17	0.1	19	1.6	206	1.1	178
Other	2.4	330	0.7	113	1.5	185	1.6	248
Other	6.8	924	7.8	1 342	5.4	695	4.1	655
GRAND TOTAL	100.0	13 621	100.0	17 093	100.0	12 745	100.0	15 927
of which								
EFTA countries	21.7	2 950	23.6	4 033	22.6	2 882	22.6	3 594
EEC countries	39.4	5 364	40.6	6 938	37.5	4 774	38.2	6 085
OECD countries	69.4	9 454	73.3	12 522	69.5	8 861	71.5	11 393

[1] New series. See explanations on page 22.

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**
1975	20 181	27 939	—7 758	+ 984	+105	+217	—6 452	—1 414	—108	—7 974
1976	24 372	28 472	—4 100	+1 193	+ 22	+245	—2 640	—1 749	—118	—4 507
1977	30 766	30 625	+ 141	+1 392	— 3	+411	+1 941	—2 434	—147	— 640
1978 *	35 024	32 243	+2 781	+1 679	+166	+884	+5 510	—2 853	—138	+2 519
1976										
July-Sept.	6 098	7 515	—1 417	+365	+ 62	+110	— 880	—434	—17	—1 331
Oct.-Dec.	7 423	8 426	—1 003	+324	— 39	+ 44	— 674	—483	—40	—1 197
1977										
Jan.-March	6 977	6 765	+ 212	+ 331	— 80	+ 82	+ 545	— 506	—46	— 7
Apr.-June	6 817	7 689	— 872	+ 299	+ 10	+ 49	— 514	— 726	—12	—1 252
July-Sept.	7 931	7 671	+ 260	+ 377	+118	+180	+ 935	— 532	—30	+ 373
Oct.-Dec.	9 041	8 500	+ 541	+ 385	— 51	+100	+ 975	— 670	—59	+ 246
1978*										
Jan.-March	7 745	7 355	+ 390	+ 369	— 66	+192	+ 885	— 613	—61	+ 211
Apr.-June	8 614	8 007	+ 607	+ 401	+ 11	+232	+1 251	— 820	—20	+ 411
July-Sept.	8 271	7 822	+ 449	+ 426	+222	+167	+1 264	— 644	—23	+ 597
Oct.-Dec.	10 394	9 059	+1 335	+ 483	— 1	+293	+2 110	— 776	—34	+1 300
1979*										
Jan.-March	9 674	9 069	+ 605	+ 481	—105	+315	+1 296	— 685	—173	+ 438

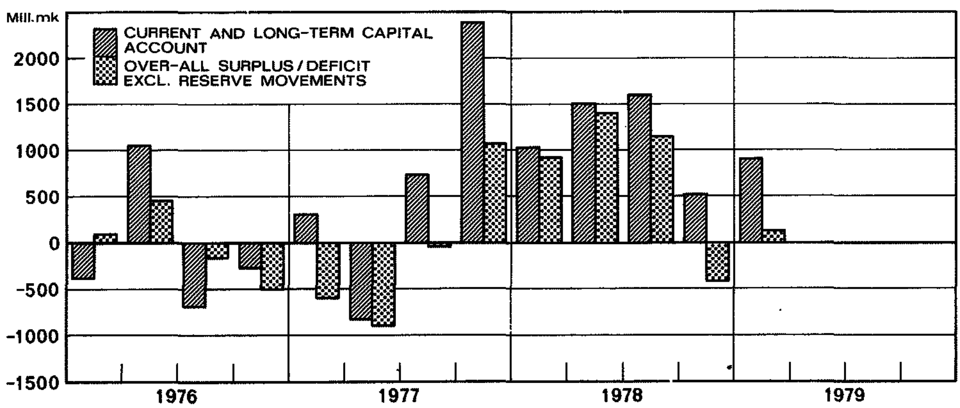


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits net	Miscellaneous long-term capital items, net [1]	**Long-term capital account**	**Current and long-term capital account**	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	**Over-all surplus/ deficit excl. reserve movements**	Reserve movements: Bank of Finland	Reserve movements: Other foreign exchange holders
+6 729	—1 445	—214	+ 62	+5 132	—2 842	+ 638	+1 449	+ 8	— 747	— 444	+1 191
+6 130	—1 785	—191	+ 48	+4 202	— 305	+ 138	—1 288	+1 327	— 128	+ 78	+ 50
+6 454	—2 745	—241	—229	+3 239	+2 599	—1 547	— 470	—1 071	— 489	— 170	+ 659
+9 007	—5 743	—774	—229	+2 261	+4 780	+ 130	—2 188	+ 318	+3 040	—2 339	— 701
+1 239	— 568	— 11	— 25	+ 635	— 696	+ 565	— 764	+ 722	— 173	+ 263	— 90
+1 391	— 449	— 90	+ 69	+ 921	— 276	+ 359	— 763	+ 169	— 511	— 73	+ 584
+1 022	— 550	—127	— 24	+ 321	+ 314	— 799	+ 149	— 269	— 605	— 140	+ 745
+1 273	— 857	+ 35	— 37	+ 414	— 838	— 333	+ 149	+ 116	— 906	+ 358	+ 548
+1 252	— 647	—156	— 89	+ 360	+ 733	+ 227	— 384	— 631	— 55	— 319	+ 374
+2 907	— 691	+ 7	— 79	+2 144	+2 390	— 642	— 384	— 287	+1 077	— 69	—1 008
+1 876	— 854	—166	— 17	+ 839	+1 050	— 479	— 402	+ 755	+ 924	—1 556	+ 632
+2 900	—1 733	— 1	— 51	+1 115	+1 526	+ 328	— 402	— 52	+1 400	— 687	— 713
+2 265	—1 089	— 96	— 39	+1 041	+1 638	+ 20	— 692	+ 178	+1 144	— 607	— 537
+1 966	—2 067	—511	—122	— 734	+ 566	+ 261	— 692	— 563	— 428	+ 511	— 83
+2 202	—1 626	— 7	+ 91	+ 660	+1 098	— 46	— 139	— 786	+ 127	— 913	+ 786

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

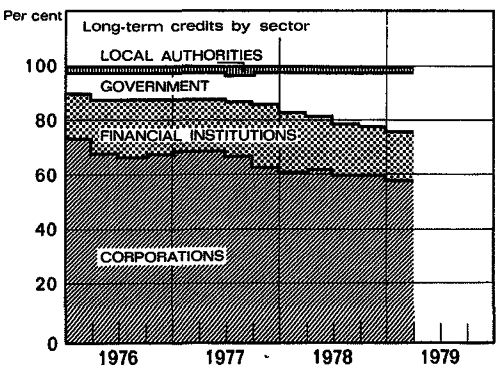
[1] Including Direct investment, net.

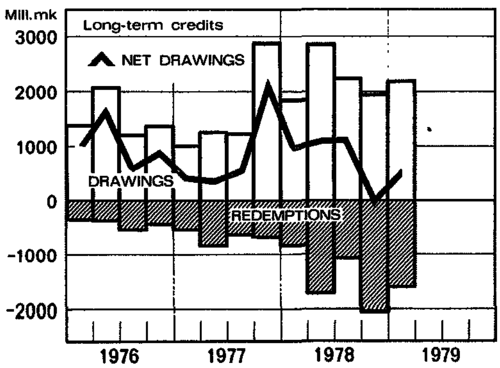
[2] Including Allocations of special drawing rights: 88 million in 1970, 85 million in 1971 and 85 million in 1972.



End of year and month	Long-term assets: Export credits	Direct investment	Other	Total (1 to 3)	Long-term liabilities: Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	Net long-term liabilities (9—4)
	1	2	3	4	5	6	7	8	9	10
1975	1 871	1 224	364	3 459	14 295	3 373	1 125	109	18 902	15 443
1976	1 969	1 342	479	3 790	17 484	4 571	1 497	169	23 721	19 931
1977	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978*	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1976										
March	1 813	1 250	369	3 432	14 915	3 786	1 165	106	19 972	16 540
June	1 878	1 259	392	3 529	16 690	3 901	1 216	130	21 937	18 408
Sept.	1 910	1 310	425	3 645	17 045	4 321	1 273	155	22 794	19 149
Dec.	1 969	1 342	479	3 790	17 484	4 571	1 497	169	23 721	19 931
1977										
March	2 094	1 312	489	3 895	17 598	4 974	1 632	163	24 367	20 472
June	2 175	1 404	508	4 087	19 150	5 483	1 708	156	26 497	22 410
Sept.	2 238	1 499	713	4 450	20 364	5 509	1 700	156	27 729	23 279
Dec.	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978*										
March	2 499	1 673	840	5 012	25 107	6 068	1 774	159	33 108	28 096
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*										
March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962

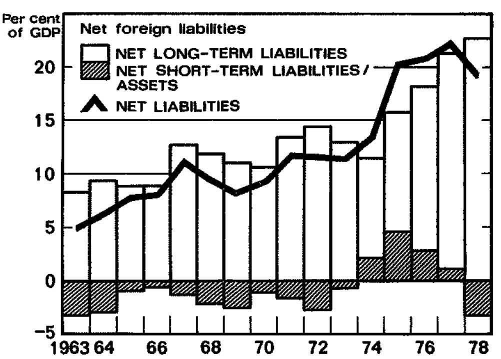
See explanations on page 22.

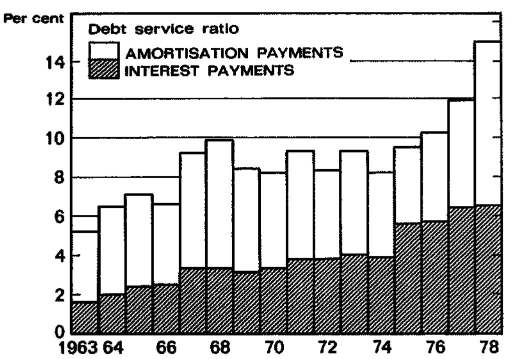




Short-term assets				Short-term liabilities							
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	**Total (11 to 13)**	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	**Total (15 to 17)**	**Net short-term liabilities (18—14)**	**Net liabilities (10 + 19)**	Debt service, flow	Of which amortisation payments, flow
11	12	13	14	15	16	17	18	19	20	21	22
3 363	2 779	4 684	10 826	1 242	4 519	9 565	15 326	4 500	19 943	2 414	996
3 630	3 087	5 676	12 393	1 201	4 812	9 486	15 499	3 106	23 037	3 103	1 354
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	4 516	2 082
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	—4 173	25 487	6 622	3 769
3 187	3 061	4 817	11 065	1 301	4 519	9 293	15 113	4 048	20 588	639	292
3 610	3 095	4 949	11 654	1 201	4 215	9 377	14 793	3 139	21 547	763	278
3 517	3 307	5 313	12 137	1 298	4 379	9 497	15 174	3 037	22 186	882	448
3 630	3 087	5 676	12 393	1 201	4 812	9 486	15 499	3 106	23 037	819	336
3 798	2 641	5 690	12 129	1 187	4 997	8 779	14 963	2 834	23 306	778	272
3 686	2 504	5 703	11 893	1 295	5 444	8 606	15 345	3 452	25 862	1 418	692
4 042	2 984	6 076	13 102	1 406	6 382	8 905	16 693	3 591	26 870	1 114	582
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	1 206	536
5 491	3 409	7 233	16 133	1 293	6 594	7 559	15 446	—687	27 409	1 392	779
6 748	4 097	7 456	18 301	1 772	6 610	7 751	16 133	—2 168	27 621	1 493	673
7 003	4 412	7 779	19 194	1 483	6 264	7 419	15 166	—4 028	26 850	1 628	984
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	—4 173	25 487	2 109	1 333
7 804	4 072	8 286	20 162	1 611	6 692	7 316	15 619	—4 543	25 419	1 969	1 284

See explanations on page 22.





Period	Wholesale prices 1949 = 100									Building costs 1973 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domestic goods	Imported goods	Producer goods	Machinery & transport equipm.	Consumer goods	Raw materials and commodities	Simply processed goods	More elaborately processed goods			
1977	692	713	610	667	804	695	728	654	695	171	154	176
1978	727	740	675	691	890	732	743	678	749	181	161	186
1978												
Aug.	730	742	686	690	905	739	745	679	756	180	160	186
Sept.	735	747	688	696	909	743	744	681	765	184	168	188
Oct.	741	752	697	704	920	744	748	691	769	185	168	189
Nov.	744	756	700	710	918	744	753	695	771	185	168	189
Dec.	747	758	704	712	925	747	758	696	774	185	168	189
1979												
Jan.	752	764	707	717	932	753	757	702	783	188	170	193
Feb.	760	774	709	721	938	767	772	708	788	190	171	195
March	763	776	714	727	952	763	768	711	794	193	177	196
April	770	782	726	736	971	765	772	724	800	195	179	198
May	772	782	732	739	970	764	770	729	802	197	179	201
June	783	790	754	756	977	766	..	..	..	199	179	204

Period	Consumer prices 1977 = 100[1]										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1978											
Aug.	108.6	103.9	118.3	105.1	106.9	106.8	104.9	116.0	112.9	110.2	109.9
Sept.	109.3	105.4	118.4	106.9	106.9	106.7	105.1	116.0	112.6	110.7	112.1
Oct.	110.0	106.8	118.4	110.1	106.9	106.9	106.7	117.4	112.1	111.3	113.0
Nov.	110.6	106.1	118.4	111.4	107.4	107.2	108.0	119.8	114.0	111.8	113.0
Dec.	110.4	105.0	118.4	111.5	107.4	107.3	108.4	119.8	114.6	111.9	112.7
1979											
Jan.	111.3	104.6	129.0	109.6	107.4	107.3	109.4	122.6	114.4	112.6	114.8
Feb.	112.6	106.6	129.4	110.4	111.4	107.2	109.8	122.8	114.6	112.9	115.4
March	113.4	107.5	129.4	111.7	111.4	109.0	110.2	122.8	116.4	112.8	115.9
April	114.4	107.8	129.4	115.5	111.4	108.9	112.6	123.4	118.1	115.1	116.8
May	114.8	107.9	129.4	116.0	113.0	108.9	112.9	123.4	117.8	115.5	117.4
June	115.6	108.1	129.4	116.0	113.0	114.3	113.5	123.4	120.4	115.7	117.9

[1] New series.

WAGES

Index of salary and wage earnings 1964 = 100

Period	By industries: Wage earners in: Agriculture	By industries: Wage earners in: Industry	By industries: Wage earners in: Construction	By industries: Employees in services	By institutional sectors: State employees	By institutional sectors: Municipal employees	By institutional sectors: Employees in private sector	All salary earners	All wage earners	**All employees**
1977	671	484	457	386	387	378	453	373	479	433
1978*	749	518	478	413	406	394	486	398	511	462
1977										
July-Sept.	672	493	462	389	390	382	461	377	488	440
Oct.-Dec.	708	499	468	398	394	382	468	385	492	445
1978*										
Jan.-March	728	502	469	399	395	384	471	386	495	447
Apr.-June	736	515	473	404	398	387	483	391	508	457
July-Sept.	749	521	474	417	408	395	492	401	517	466
Oct.-Dec.	777	534	494	432	423	411	502	415	526	477
1979*										
Jan.-March	808	556	509	451	440	428	523	433	547	497

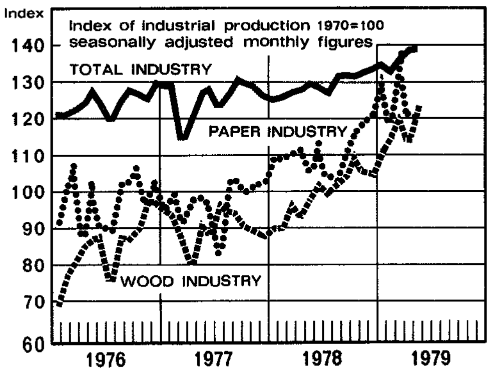
PRODUCTION

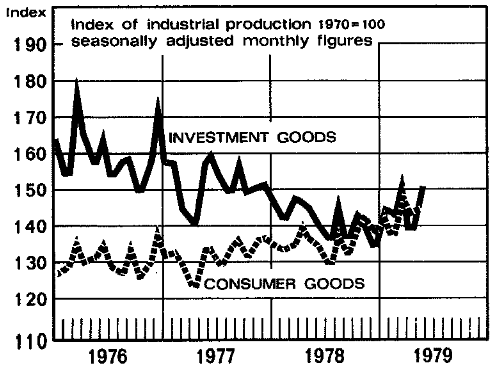
Volume indices of production 1975 = 100

Period	**Gross domestic product**	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1976*										
Oct.-Dec.	108	110	75	121	107	98	114	111	108	104
1977*										
Jan.-March	97	104	71	110	78	96	94	84	111	101
Apr.-June	100	102	87	112	74	95	97	95	110	103
July-Sept.	99	89	153	63	94	90	106	96	111	100
Oct.-Dec.	107	108	75	110	105	93	114	101	113	106
1978*										
Jan.-March	99	105	71	115	74	93	96	84	116	102
Apr.-June	103	107	89	104	75	95	107	93	116	105
July-Sept.	100	90	154	60	93	90	109	92	117	102
Oct.-Dec.	112	112	79	137	97	91	120	102	118	107
1979*										
Jan.-March	105	115	76	144	69	90	105	88	119	104

Index of industrial production 1970 = 100

Period	Total	Invest-ment goods	Other producer goods	Consumer goods	Special indices of manufacturing: Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	Total, adjusted for seasonal varia-tions
1975	122	178	110	130	113	76	95	143	128	150	122
1976	125	162	116	132	110	85	99	153	121	150	125
1977*	127	153	119	133	108	91	98	153	119	151	128
1978*	130	143	125	137	114	100	112	165	117	145	130
1978*											
April	134	148	129	140	106	114	115	179	128	149	128
May	140	159	134	147	119	126	112	165	127	161	130
June	124	146	116	136	114	111	97	126	129	146	129
July	67	53	67	72	101	43	72	98	49	50	128
Aug.	135	145	128	146	124	97	112	177	117	150	132
Sept.	138	148	134	142	114	107	129	182	129	154	132
Oct.	147	161	142	152	137	120	133	199	133	163	132
Nov.	148	162	141	157	141	116	131	173	124	165	133
Dec.	129	132	125	137	113	90	109	160	104	140	134
1979*											
Jan.	146	157	142	148	112	109	133	193	113	162	135
Feb.	136	148	133	138	102	110	123	186	108	151	134
March	153	161	149	157	117	138	140	210	127	166	137
April	136	139	133	143	117	127	116	183	119	146	140
May	153	166	149	157	129	158	137	204	128	172	140





LABOUR—TIMBER FELLINGS—INTERNAL TRADE

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 1972 = 100	Whole-salers' volume index 1972 = 100
1975	3 513	2 272	2 221	51	2.2	29 133	122	127
1976	3 547	2 254	2 163	91	4.0	27 305	123	127
1977	3 561	2 248	2 111	137	6.1	27 814	113	120
1978*	3 578	2 253	2 084	169	7.5	29 021	109	120
1978*								
July	3 579	2 418	2 243	175	7.2	613	109	95
Aug.	3 579	2 326	2 171	155	6.7	1 080	113	127
Sept.	3 580	2 233	2 086	147	6.6	1 829	110	126
Oct.	3 584	2 219	2 066	153	6.9	2 559	111	131
Nov.	3 583	2 224	2 061	163	7.3	3 046	109	125
Dec.	3 586	2 211	2 047	164	7.4	3 294	139	137
1979*								
Jan.	3 587	2 210	2 025	185	8.4	3 335	..	..
Feb.	3 590	2 210	2 029	181	8.2	3 968	..	..
March	3 590	2 210	2 048	162	7.3	4 352	..	..
April	3 592	2 201	2 052	149	6.8	..	..	..
May	3 593	2 246	2 111	135	6.0	..	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-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										
1976	46.89	19.95	3.93	15.81	3.84	41.25	17.74	3.16	15.40	2.59	51.85
1977	41.88	18.86	4.22	12.11	3.71	43.70	18.10	3.07	16.80	3.33	48.12
1978*	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1977*											
July-Sept.	11.41	4.72	1.06	3.85	0.91	10.91	4.03	1.05	4.03	0.99	52.69
Oct.-Dec.	10.52	4.21	0.80	3.65	1.18	14.58	6.30	1.17	5.52	0.78	48.12
1978*											
Jan.-March	10.21	3.72	1.02	4.06	0.92	9.06	3.93	0.67	3.34	0.77	44.63
Apr.-June	12.92	6.51	2.17	2.59	0.69	9.54	4.21	0.54	3.38	0.91	47.13
July-Sept.	11.07	4.12	1.04	4.33	0.85	9.57	3.58	1.10	2.95	1.07	49.12
Oct.-Dec.	7.79	3.54	0.74	1.74	1.21	13.07	6.02	1.29	3.44	1.38	42.78
1979*											
Jan.-March	7.75	3.32	1.23	1.95	0.77	7.38	3.37	0.69	2.42	0.62	39.45

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31. 1974 and further revised from Dec. 31, 1978, when foreign bills were included in corporate sector receivables not in receivables from the foreign sector as earlier.

Page 4. *Foreign sector:* Gold and convertible exchange receivables = Gold + Special drawing rights + IMF reserve tranche + Convertible currencies.
Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.
Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.
Other receivables = Foreign bonds + Mark subscription to Finland's quota in the IMF.
Other liabilities = IMF mark accounts + Allocations of special drawing rights + Term liabilities.

Public sector: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables.
Liabilities = Cheque accounts + Counter-cyclical reserves + Capital import deposits + Other public sector claims.
Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector:* Other liabilities, net = Capital import deposits + Banks' cheque accounts + Other financial institution claims — Bonds — Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits.
Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims — Bonds — Other corporate receivables.

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding.
Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.
Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).
Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the discount rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the basic discount rate.
Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt per annum.

FOREIGN EXCHANGE RATES

Page 7. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers.

DEPOSITS BY THE PUBLIC — ADVANCES TO THE PUBLIC — MONEY SUPPLY

Figures for deposits and advances are supplied by the Central Statistical Office.

Page 8. *Deposits by the public.* The central government and the financial institutions are mainly excluded from the public.
From 1974 deposits include domestic deposits denominated in foreign currency.

Page 9. *Advances to the public.* The central government and the financial institutions are not included in the public.
Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply. M_1 = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland). Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).
Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

STATE FINANCES

Page 10. Official figures computed by the Economic Department of the Ministry of Finance. *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. 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 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): 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. 13): from January 1978 imports by countries of origin exports by countries of consumption.

BALANCE OF PAYMENTS

Pages 14—15. 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.

FOREIGN ASSETS AND LIABILITIES

Pages 16—17. Figures calculated by the Bank of Finland.
Long-term assets: Other = financial loans + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector.

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 Debt service does not include amortisation of the Bank of Finland credit facilities.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office.
Page 20. *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 — INTERNATIONAL TRADE — TRAFFIC — CONSTRUCTION OF BUILDINGS

Page 21. *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. *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, — Break in series.

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 since 1956 and he was re-elected for the period March 1, 1978, to March 1, 1984.

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 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 9, Finnish Rural Party 7 and Liberal Party 4.

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, OECD 1969, and IDB 1977.

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 %.

FOREST RESOURCES (1977): The growing stock comprised of 1 520 million m³ (solid volume with bark) of which 45 % was pine and 37 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 637 million m³ was up to the standard required for logs, 56 % of these being pine. The annual growth was 57.4 million m³ and the total removal, calculated on the basis of roundwood consumption, was 40.7 million m³.

AGRICULTURE (1977): Cultivated land 2.3 million hectares. Number of holdings 237 700 of which 162 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 125 %.

INDUSTRY (1976): Gross value of industrial production 95 790 mill. marks, number of workers 412 718, salaried employees 136 890, motive power (1976) 6.8 mill. kW. Index of industrial production 125 for 1976 (1970 = 100).

STATE RAILWAYS (Jan. 1. 1979): Length 6 063 km.

MERCHANT FLEET (June 30, 1979): Passenger vessels 126 (207 361 gross reg. tons), tankers 45 (1 231 715 gross reg. tons), dry cargo vessels 212 (1 031 279 gross reg. tons), other vessels 79 (10 451 gross reg. tons), total 462 (2 480 806 gross reg. tons).

MOTOR VEHICLES (Dec. 31 1978): Passenger cars 1 115 300, lorries and vans 139 100, buses 8 800, others 7 600, total 1 270 800.

FINNISH AIRLINES (March 31, 1979): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9, 7 DC-9-51, 2 DC-10-30 and 4 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 30 airports and to 20 domestic airports.

POPULATION

NUMBER OF INHABITANTS (1977): 4.7 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.0 million.

DENSITY OF POPULATION (1977): In South Finland 46.4, in East and Central Finland 13.9, in North Finland 4.0 and in the whole country an average of 15.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1977): 40 % of the population inhabit the rural areas, 60 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 487 519 inhabitants, Tampere (Tammerfors) 166 118, Turku (Åbo) 165 215.

EMPLOYMENT (1977): Agriculture and forestry 13 %, industry and construction 35 %, commerce 15 %, transport and communication 7 %, services 30 %.

LANGUAGE (1977): Finnish speaking 93.4 %, Swedish speaking 6.4 %, others 0.2 %.

EDUCATION (1978): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1977): births 13.9 ‰, deaths 9.4 ‰, change + 2.2 ‰, net emigration — 2.2 ‰. Deaths in France 10.1 ‰ and Great Britain 11.7 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1977, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 308 (6 %), forestry and fishing 5 345 (5 %), manufacturing 33 593 (30 %), construction 9 979 (9 %), transport and communication 11 604 (11 %), commerce, banking and insurance 14 903 (14 %), public administration 5 956 (5 %), ownership of dwellings 4 030 (4 %), services 17 543 (16 %), total 109 261. Index of real domestic product 163 (1964 = 100).

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). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 19.3, Skr 17.5, £ 13.7, DM 13.4, $ 9.3, other currencies 26.8. The permissible range of fluctuation is 2.25 per cent on either side of the arithmetic mean. The fluctuation limits are 121.7 and 116.4.

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, 1978). There are two big and five small commercial banks with in all 858 offices, 280 savings banks, 374 co-operative banks, six mortgage banks, Postipankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

RATES OF INTEREST (July 1, 1979). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility) is 7 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 5 ½ and 8 ½ %. Other credit institutions time deposits 3 ¼ %; 6 month deposits 4 ¼ %; 12 month deposits 5 ½ %; 24 month deposits 6 ½ %; 36 month deposits 7 ¼ % + savings premium; 36 month deposits 7 ¼ % + tax concession. The highest lending rate 10 ½ %.

FINNISH MERCHANT SHIPPING

by Heikki Päivike, Information Officer
Finnish Shipowners' Association

Seaborne transport accounts for some 85 per cent of Finnish foreign trade transportation, and hence, it is vital for Finland to maintain an efficient merchant fleet of her own.

At the beginning of this year, the Finnish merchant fleet comprised 459 ships with a carrying capacity totalling about 3 500 000 deadweight tons and a volume of about 2 305 000 gross register tons (GRT). The development of the fleet is the result of careful planning in the 1960s and 1970s. Almost half or about 350 000 GRT of the Finnish merchant tonnage was lost during the Second World War and much of the remaining fleet was antiquated being on average more than 30 years old.

THE MERCHANT FLEET

The average age of Finland's merchant fleet today is no higher than the average age of world tonnage, with a large number of very modern and efficient ships. The first radical change in the Finnish merchant fleet took place in the 1950s, when new passenger ships were acquired and put into service between Finland and the Baltic countries. This trade was visibly encouraged by the Olympic Games held in Helsinki in 1952. Both new and second-hand cargo ships were also acquired at that time. By 1966, Finnish tonnage had exceeded the level of 1 million GRT, and this was further boosted by the rapid development of ro-ro tonnage in the late 1960s, when a number of fast and efficient ro-ro ships suitable for both short and long-distance traffic were built mainly in Finnish shipyards.

The Finnish merchant fleet has undergone its biggest structural change in the 1970s with the acquisition of new medium-sized tankers, a new fast passenger fleet well-adapted for winter navigation, and bulk carriers, which despite their small number, now form the second largest vessel group in terms of tonnage in the Finnish merchant fleet.

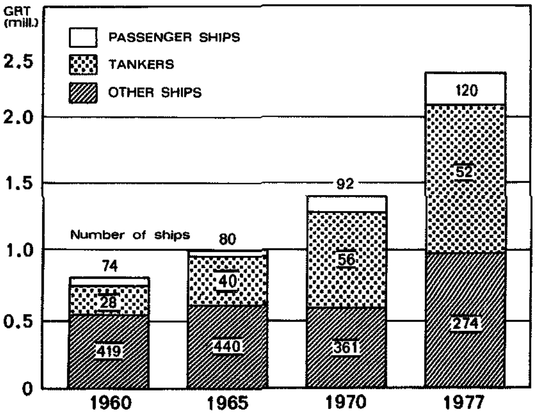
Tankers form the largest vessel group in Finland's merchant fleet accounting for 48 per cent of total tonnage on January 1, 1979. Bulk carriers were the next largest group followed by general cargo ships and passenger/car ferries. These three vessel types accounted respectively for 19.5, 19 and 9.5 per cent of total Finnish tonnage.

Approximately half of the Finnish tankers are employed in shipping crude oil to Finland and refined oil products out of the country, while the other half operates in cross trade. The majority of the bulk carriers are also currently engaged in cross trade, but their share in domestic transport is expected to grow gradually in the next few years. The general cargo ships are used mainly for Finnish imports and exports. Of the passenger fleet most lines

TABLE 1. STRUCTURAL CHANGES IN FINNISH MERCHANT TONNAGE, 1976—1978

	Jan. 1, 1976 GRT	Jan. 1, 1979 GRT	Change GRT	Change per cent
Passenger ships	38 864	24 167	—14 697	—38
Passenger/car ferries	140 997	168 338	+27 341	+19
Ro-ro ships	90 280	88 542	—1 738	—2
Bulk carriers	239 325	448 457	+209 132	+87
Reefers (refrigerated carriers)	16 493	21 724	+5 231	+32
General cargo ships	374 391	440 178	+65 787	+18
Tankers	1 138 629	1 112 323	—26 306	—2
Others	9 130	10 509	+1 379	+15
Total	2 048 109	2 314 238	+266 129	+13

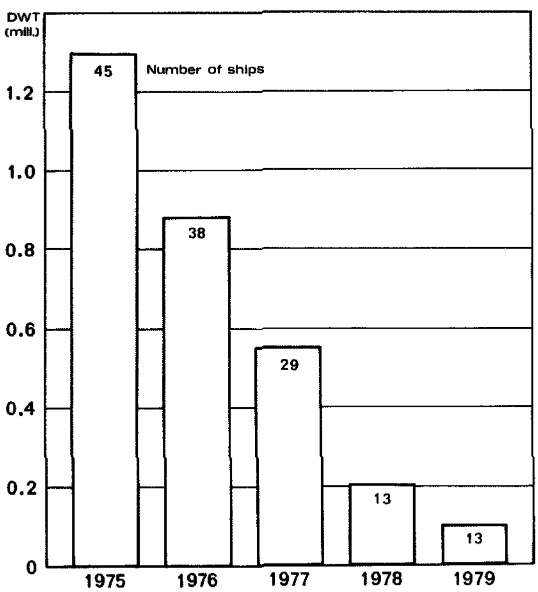
CHART 1. THE FINNISH MERCHANT FLEET, 1960, 1965, 1970 AND 1977



operate on the Baltic between Finland and Sweden, and between Finland and the Federal Republic of Germany, or making cruises to other Baltic countries. In addition, two Finnish passenger ships run cruises in the winter particularly on the Mediterranean and along the coast of West Africa.

The renewal of the Finnish merchant fleet reached a peak in the mid-1970s with the acquisition of an unprecedented number of new ships. Since then following the world-wide shipping recession ship renewal has decelerated and the renewal rate of the Finnish fleet has now dropped below the world average. However, a recent enquiry shows that Finnish shipowners are taking a keener interest in ship purchases, and another encouraging sign lies in the anticipated growth in cargo supply.

CHART 2. ACQUISITION OF NEW SHIPS BY FINNISH SHIPOWNERS AS ON JANUARY 1, 1975—1979



FOREIGN TRADE SHIPMENT

The shipping industry has three basic objectives: 1) to transport cargo to and from Finland, 2) to engage in cross trade and 3) to operate passenger/car ferry lines. As a result of the shipping recession, the share of Finnish tonnage employed in cross-trade grew from around 40 per cent in the early 1970s to 55—60 per cent in 1975—1977. With the growth of Finnish export volume towards the end of 1978, Finnish ships are expected to be engaged to an increasing extent in the transportation of domestic exports during the next few years.

Looking at the domestic fleet's share in Finnish foreign trade transportation over the long term, there has been a slight shrinkage. During the 1960s, 66 per cent of domestic imports and 46 per cent of domestic exports were carried by Finnish ships at peak levels reached in 1963 and 1967 respectively. Figures in the 1970s reached a peak in 1975, when 57 per cent of imports and 52 per cent of exports were carried by Finnish ships, but subsequently both these shares have declined by several percentage points.

Analysed by transport performance, i.e. covered distance, the Finnish fleet's share in Finland's foreign trade shipments is much lower than if calculated by cargo volume. In 1975, the transport performance of domestic ships accounted for 45 per cent of Finnish foreign trade shipments and for only 20 per cent in 1977. The domestic fleet's share in oil imports also reached its peak of 46 per cent in 1975. The corresponding figures for 1977 and 1978 were 13 and 18 per cent. However, the acquisition of three new medium-sized tankers in the spring of 1979 will no doubt soon in-

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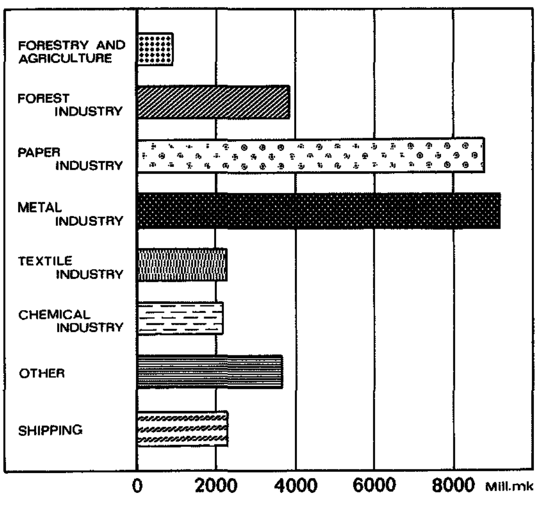
crease the share of oil import shipments by Finnish vessels.

FREIGHT RECEIPTS AND PROFITABILITY

Gross freight receipts of the shipping industry totalled 2 286 million marks in 1977. A breakdown of this sum shows that cargo freight accounted for 1 264 million marks, passenger freight for 620 million marks and time-charter freight for 402 million marks. Chart 3 shows freight receipts of the shipping industry as compared with the export earnings of the main industries.

Typical of the financial structure of the shipping industry is its high proportion of external capital. Equity capital has not exceeded 20 per cent for twenty years. In recent years, it has varied between 10 and 14 per cent while long-term liabilities have amounted to 50—60 per cent. Such a capital structure has undoubtedly had an influence on the competitiveness and performance of the Finnish fleet. However, efficient and technically advanced equipment, well-trained crews, and experience of severe nautical conditions e.g. navigation in ice-covered waters, have become Finnish trademarks in international competition.

CHART 3. EXPORT VALUES (F.O.B.) OF VARIOUS INDUSTRIES AND GROSS FOREIGN TRADE RECEIPTS OF THE SHIPPING INDUSTRY



A survey on the shipping industry's profitability, the third of its kind, was carried out by the Finnish Shipowners' Association in 1978. Data collected covered gross freight receipts, discounts, costs of crews and personnel on shore, daily expenses, voyage costs and capital expenditure. The result of the 1978 enquiry showed a marked improvement in profitability, although it is still by no means satisfactory. The positive trend may partly be ascribed to reductions in the tanker fleet, as two tanker companies have discontinued their operations due to the recent crisis in this line. There has also been some encouragement in the substantial growth in export volume last year, which has led to higher utilization of Finnish shipping capacity. The results of the 1978 profitability enquiry together with the results of the earlier surveys in 1976 and 1977 are presented in Table 2. Items are expressed as percentages of net freight receipts (net freight receipts = 100).

TABLE 2. PROFITABILITY OF THE SHIPPING INDUSTRY

	1976	1977	1978
Gross freight receipts	110.28	115.68	109.34
Discounts and commissions	—10.28	—15.68	9.34
Net freight receipts	100.00	100.00	100.00
Labour costs	38.90	38.07	36.79
Other daily expenses	19.36	20.00	17.46
Voyage costs	22.85	26.80	20.68
Taxes, interest expenses etc.	18.06	13.54	14.22
Total	99.17	98.41	89.15
Net earnings before depreciation	0.83	1.59	10.85
	100.00	100.00	100.00

EMPLOYMENT

The Finnish merchant fleet currently employs a total of approximately 12 000 seafarers. If office and harbour personnel on shore are included, then the figure rises to some 16 000 to 17 000, almost equalling employment in the shipyards. Labour demand has declined with the introduction of larger vessels, which require less crew. Owing to the numerous new acquisitions to the fleet, however, the number of seafarers has remained more or less unchanged for the last ten years. If the positive trend continues in the next few years, the number of jobs in the merchant navy may even grow slightly.

SHIP OWNERSHIP

Structural changes in the merchant fleet have radically reduced the number of shipping companies in Finland. Several small companies have either discontinued their operations or merged. In 1945, the Finnish Shipowners' Association listed 38 members. This rose to a peak of 52 in 1955, but since then the number of shipping companies has gradually declined to only 17 in 1979. Membership statistics of the Åland Shipowners' Association show a similar trend.

During the last twenty years, industrial firms and the central government have taken a growing interest in shipping, the latter by increasing the share of state-owned companies in terms of deadweight tons to 15—17 per cent. Tanker purchases in 1979 could double this figure.

About 60 per cent of the Finnish merchant fleet today is directly owned by industrial firms, and if indirect ownership is included, their share is even larger. Only 35 per cent of merchant tonnage remains in the hands of traditional shipping companies, and most of this tonnage in registered in the autonomous province of Åland.

WINTER NAVIGATION

An inherent problem facing Finnish shipping is the freezing of the passages during the winter. Since the 19th century, Finnish merchant ships have been strengthened to permit navigation in ice-covered waters. More than a hundred years of experience of severe nautical conditions have been brought to bear on the problems involved in maintaining maritime traffic throughout the winter.

A total of 154 merchant ships, 69 per cent of the Finnish fleet, are ice-strengthened to differing degrees, and ranked in four classes. With 24 ships belonging to the highest ice class, IA Super, and 87 ships in the second highest class, IA, more than a hundred ships are capable of navigating freely in ice-covered waters. Moreover, winter navigation is facilitated by the assistance of a potent icebreaker fleet which can keep the main ports, including those in the north of Finland, open throughout the year.

CONCLUSION

In recent years, Finnish shipping policy has actively sought to improve the Finnish merchant fleet and its performance. In national shipping politics, the shipping industry has always been an advocate of laissez-faire, consistently opposing subsidies, and likewise on an international level, it has repeatedly fought against any form of protectionism. With regard to the current debate on the liner conference code[1], it is hoped that a compromise solution may be reached, which while recognising the needs of the developing countries may still permit maritime countries to continue traditional shipping operations.

[1] According to the liner conference code, importing and exporting countries transport 80 (40+40) per cent of their trade and outsiders are given 20 per cent.

Finland's balance of payments January—March 1979. According to the Bank of Finland's preliminary figures, the current account showed a surplus of 438 million marks for the first quarter of this year, as against a surplus of 211 million marks in the corresponding period of 1978. The net inflow of long-term capital amounted to 660 million marks and the short-term foreign debt declined by 1 110 million marks. The foreign exchange reserves of the Bank of Finland increased by 913 million marks.

The visible trade account showed a surplus of 605 million marks for January—March, as compared with a surplus of 390 million marks in the corresponding period of 1978. The volume of visible exports increased by 13 per cent and that of visible imports by 15 per cent. Export prices were 11 per cent and import prices 7 per cent higher than in January—March 1978. While the rise in the value of exports was fairly uniform, the increase in the value of imports was centred on raw materials and consumer goods.

The surplus on the invisible trade account showed an increase of 200 million marks since January—March 1978 to 691 million marks. The surpluses on the transport account and the 'other services' account increased notably. Travel expenditure grew faster than travel receipts and the deficit on the travel account was slightly greater than in the previous year.

Interest expenses on borrowing abroad increased noticeably, mainly as a result of a rise in the rates of interest applied to loans with a variable interest rate, and although interest earnings from foreign receivables grew at the same time, the investment income deficit was 70 million marks more than in the previous year, totalling 685 million marks. Transfer payments expenditure increased by 112 million marks, net.

The net inflow of long-term foreign capital fell by 180 million marks from the corresponding period of 1978 and amounted to 660 million marks. Drawings of long-term loans totalled 2 202 million marks, while amortizations, at 1 626 million marks, were double the amount in 1978. The increase in drawings and amortizations was primarily caused by the fact that old loans were converted into new ones on more favourable terms. Long-term export credits granted to foreign customers amounted to 126 million marks, while redemption of outstanding export credits totalled 119 million marks. Finnish direct investment abroad amounted to 116 million marks and foreign direct investment in Finland to 34 million marks.

The short-term net foreign debt (incl. errors and omissions) declined by 1 110 million marks. Short-term liabilities related to imports declined by 46 million marks and short-term prepayments and receivables related to exports by 139 million marks, net.

The overall balance showed a surplus of 127 million marks for January—March. The convertible foreign exchange reserves of the Bank of Finland grew by 637 million marks and receivables in tied currencies by 276 million marks. The net foreign exchange debt of other foreign exchange holders increased by 786 million marks. Changes in the mark value of the reserves caused by changes in exchange rates have not been taken into account in these figures. Allowing for the changes in exchange rates, the convertible foreign exchange reserves of the Bank of Finland amounted to 4 469 million marks and the tied foreign exchange reserves to 754 million marks at the end of March.

MAJOR BALANCE OF PAYMENTS ITEMS, JANUARY—MARCH 1979, MILL. MK[1]

	Receipts	Expenditure	Net
Visible trade (exports f.o.b., imports c.i.f.)	9 714	9 103	611
Adjustment items	—40	—34	—6
Visible trade account	9 674	9 069	605
Transport (c.i.f.)	872	391	481
Travel	296	401	—105
Other services	1 150	835	315
Invisible trade account	2 318	1 627	691
VISIBLE AND INVISIBLE TRADE ACCOUNT	11 992	10 696	1 296
Investment income, net	225	910	—685
Transfer payments	39	212	—173
A. CURRENT ACCOUNT	12 256	11 818	438
	Change in receivables	Change in liabilities	Net
Long-term financial loans and suppliers' credits: drawings	—126	2 202	1 802
redemptions	119	—1 626	—1 426
Direct investment	—116	34	—82
Other long-term capital	145	28	173
B. LONG-TERM CAPITAL ACCOUNT	22	638	660
BASIC BALANCE (A+B)			1 098
Prepayments and liabilities related to imports			—46
Prepayments and receivables related to exports			—139
Errors and omissions			—515
Other short-term capital			—410
C. SHORT-TERM CAPITAL ACCOUNT			—1 110
D. Allocations of SDRs			139
OVERALL BALANCE (A+B+C+D)			127
Change in the foreign exchange reserves of the Bank of Finland			—913
Change in the net short-term foreign receivables of other foreign exchange holders			786

Receivables: increase —, decrease +
Liabilities: increase +, decrease —

[1] Preliminary figures

Publications of the Bank of Finland. The Bank of Finland Year Book for 1978 has been published. The first section reviews the Finnish economy in 1978, and then the subsequent three sections examine the Central Bank's monetary and foreign exchange policy, the Bank of Finland's balance sheet and income statement and its relations with international organizations. The statements of the Bank and various banking transactions during the year under review are included in a statistical appendix. ISSN 0081-9468.

Finnish Bond Issues 1978 has been published in an edition with text and explanatory notes in Finnish, Swedish and English. It gives a detailed description of the 61 loans issued in 1978, including the 16 denominated in foreign currency and floated abroad. In addition the introduction includes statistics on domestic and foreign bonds outstanding at the end of the 1968—1978 period, and on sales of domestic bonds in 1968—1978. Helsinki 1979, 53 pp. ISBN 951-686-052-4, ISSN 0585-9581.

The tenth publication in the series Studies on Finland's Economic Growth has appeared: Osmo Forssell, Kauppa Suomessa 1860—1960 (Finland's Domestic Trade, 1860—1960), in Finnish with a summary and statistical tables in English, 1979, 167 pp. ISBN 951-686-050-8, ISSN 0355-6050.

BANK OF FINLAND

Board of Management

Mauno Koivisto
Governor, absent as Prime Minister

Ahti Karjalainen
Deputy Governor, Acting Governor

Pentti Uusivirta

Rolf Kullberg
Deputy Governor, ad int.

Ele Alenius

Harri Holkeri

Seppo Lindblom
ad int.

Directors

Markku Puntila

Seppo Lindblom

Eino Helenius

Pentti Koivikko

Kari Nars

Antti Lehtinen

Senior officials

Pertti Kukkonen
Director ADP-planning

Ralf Pauli
Deputy, Monetary Policy

Raimo Hyvärinen
Domestic Financial Operations

Kari Pekonen
Foreign Exchange Policy

Raine Panula
Foreign Exchange

Kari Holopainen
Eastern Trade

Antti Saarlo
Special Eastern Affairs

Pekka Tukiainen
Foreign Financing

J. Ojala
Foreign Exchange Control

Kari Puumanen
Economics Dept.

Heikki Koskenkylä
Research Dept.

Markku Pietinen
Information and Publications

H. T. Hämäläinen
Administration and Legal Affairs

Timo Männistö
Internal Audit

U. Levo
International Legal Affairs

Erkki Vehkamäki
Automatic Data Processing

Anton Mäkelä
Personnel

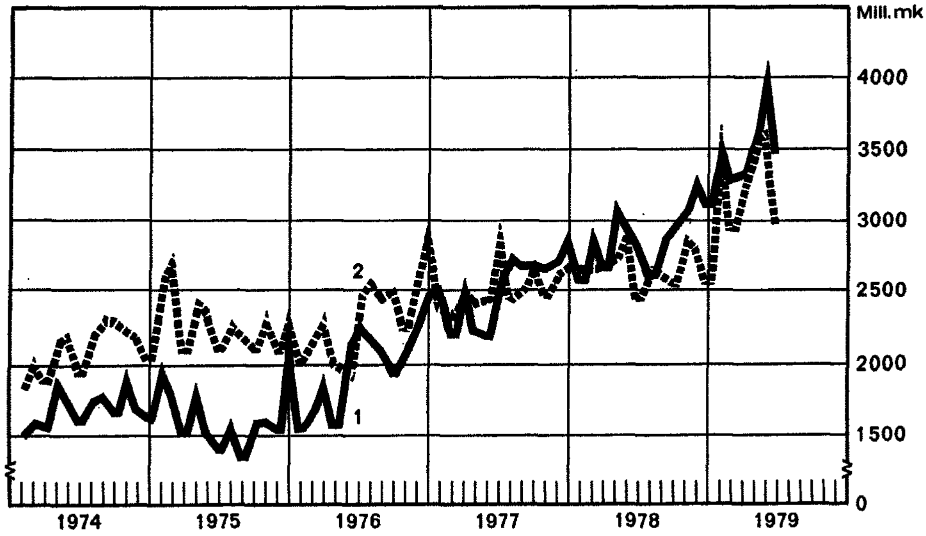
Stig G Björklund
Banking Services

Antti Luukka
Cash

FOREIGN TRADE, 1974–79

1. Exports f.o.b.
2. Imports c.i.f.

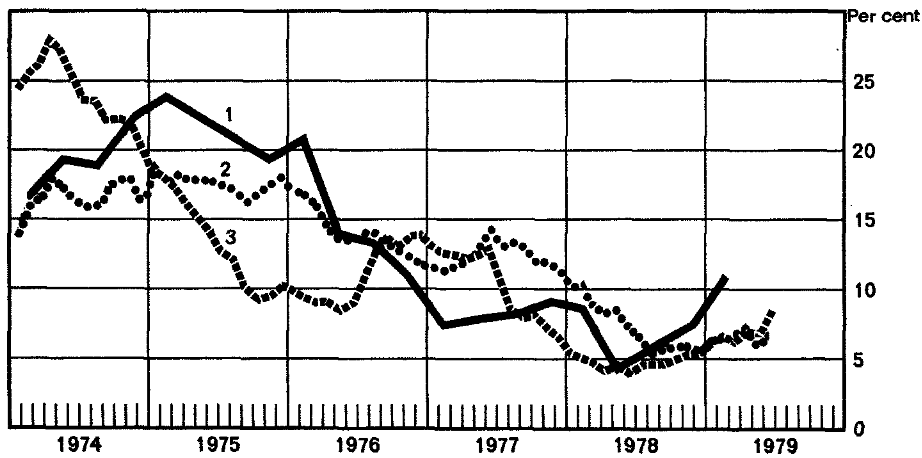
Seasonally adjusted monthly figures



PRICES AND WAGES, 1974–79

1. Index of salary and wage earnings 1964 = 100, quarterly figures
2. Consumer price index 1977 = 100, monthly figures
3. Wholesale price index 1949=100, monthly figures

Percentage change over previous year



PRODUCTION, 1974–79

1. Total index of industrial production 1970 = 100, seasonally adjusted monthly figures
2. Volume index of gross domestic product 1970 = 100, seasonally adjusted quarterly figures