



BULLETIN

BANK OF FINLAND

October 1993 Vol. 67 No. 10

Budget Proposal for 1994

Fiscal Policy Measures for Improving
Central Government Finances

Finland's New Capital Income
Tax System

Budget Proposal for 1994 by Chris-Marie Rasi	3
Fiscal Policy Measures for Improving Central Government Finances by Martti Lehtonen	6
Finland's New Capital Income Tax System by Heikki Koskenkylä	12
Items: Expansion of the primary dealer system for benchmark government bonds Publication of the Bank of Finland	16
Monetary and foreign exchange policy measures from September 1992 to August 1993	17
Finland in brief	20
Statistics • List of tables on page	S1
Charts • List of charts on page	S27

PUBLISHER

**SUOMEN PANKKI
FINLANDS BANK**

P.O.Box 160,
FIN-00101 HELSINKI,
FINLAND

Telephone:
National (90) 1831
International + 358 0 1831

Telex: 121224 SPFB SF
Telefax: 174872
Cables: SUOMENPANKKI

Editor-in-Chief
Antero Arimo

Editor
Marja Hirvensalo-Niini

Subscriptions
Heli Virtanen

The contents of the Bulletin
may be freely quoted,
but due acknowledgement
is requested.

ISSN 0784-6509

Printed by Uusimaa Oy,
Porvoo 1993

BUDGET PROPOSAL FOR 1994

by **Chris-Marie Rasi**, M Pol Sc
Economics Department
Bank of Finland

RECESSION BOTTOMING OUT?

The performance of the Finnish economy is highly uneven at present: export growth, which started in 1991, is proceeding with vigour but demand in the domestic markets is declining for the fourth year in row. The Ministry of Finance estimates that GDP will decline by 2½ per cent in 1993. However, exports are expected to gradually lift the economy onto a path of growth, so that for 1994 a modest 1 per cent growth in GDP is forecast.

Finland's export volume is increasing by some 15 per cent this year and is expected to increase by more than 10 per cent in 1994. The trade balance is improving rapidly, and the current account will move into a surplus of some 2 per cent of GDP in 1994. As a result, net foreign indebtedness will start to decline.

Households' disposable income and consumption are declining and private investment is gradually bottoming out. The rate of unemployment has increased dramatically and is expected to be 19 per cent on average in 1994. Despite the substantial depreciation of the markka, inflation is low, at an annual rate of 2 per cent, and will remain low in 1994.

The deep recession has had a greater negative impact on central government finances. The central government's net financing requirement (incl. extra-budgetary funds) is expected to amount to FIM 72 billion, some FIM 22 billion above the original budget proposal. The growth in the deficit is mainly due to lower tax revenue, higher unemployment outlays and interest payments. For 1994 the government's net financing re-

quirement is forecast to decline to FIM 67 billion (Table 1). This includes a provision for FIM 10 billion of capital injections for the banking system. The general government deficit, on a national accounts basis, is estimated to be 9 per cent of GDP this year and to decline to some 6 per cent next year.

BUDGETED EXPENDITURE IN LINE WITH THE CEILING

The primary aim of the Government has been to restrict the growth of public expenditure and to reverse the growth of debt relative to GDP.¹ The aim of fiscal policy is to promote a further decline in interest rates and thereby to promote growth and employment. The aim is to reduce budgeted expenditure by 1995 to the 1991 level in real terms, excluding bank support and related interest outlays. Total central government outlays (including extra-budgetary funds) are expected to remain at FIM 200 billion in 1994, ie roughly at this year's level, and to decline

slightly in real terms. Budgeted outlays for 1994 amount to FIM 188 billion, which is roughly one per cent less than the corresponding estimate for this year. Of this amount, FIM 13.5 billion is reserved for bank support and related interest outlays. Expenditures subject to the ceiling are to be reduced by approximately 4 per cent.

In order to meet the ceiling, it will be necessary to implement the saving measures proposed in the budget and to achieve further savings in 1995.

The budget proposal includes new savings of FIM 17–18 billion, of which some FIM 13 billion is to be implemented by means of so-called 'savings bills'. Some of these savings have already been in effect in 1993, as one-year laws, and will be extended to next year. Among the expenditure cuts included in the budget proposal for 1994 are substantial reductions in central government transfers to local authorities, curtailment of unemployment benefits (by a tightening of entitlement rules), foregoing of index adjustments in 1994 social transfers (including pen-

¹ See the article by Martti Lehtonen in this issue of the Bulletin.

TABLE 1. CENTRAL GOVERNMENT FINANCES¹

	1992	1993 forecast	1994 budget proposal
Revenue before financial transactions	126.6	121.9	123.9
Expenditure before financial transactions	167.9	178.0	176.6
Revenue surplus (+)	-41.3	-56.1	-52.6
Financial investment, net	-30.4	-16.1	-14.1
Net financing requirement (+) in relation to GDP, %	-71.8 -14.6	-72.2 -15.1	-66.7 -13.4

¹ Including extra-budgetary funds. Source: budget proposal for 1994.

TABLE 2. CENTRAL GOVERNMENT AND THE PUBLIC SECTOR¹

	1992	1993	1994 forecast
Public expenditure in relation to GDP	61.1	63	61 1/2
Tax ratio	47.1	46	47 1/2
Central government real cash expenditure, percentage change	16.3	-4	-2
– excluding financial investment	4.1	4	-1
Public debt ² , billion FIM	209.3	297	362
– per cent of GDP	44.0	62 1/2	73
Central Government debt, billion FIM	165.6	252	316
– per cent of GDP	34.8	53	63 1/2

¹ Forecast in connection to the budget proposal for 1994 by the Ministry of Finance.

² According to EC criteria.

sions) and a 6.5 per cent reduction in wage costs.

A total of FIM 49.5 billion has been allocated for consumption purposes, 4 per cent less than in the original budget for 1993. The aim is to reduce wages and wage-related items in the government sector by 6.5 per cent from the 1993 level on the basis of negotiations with government employees or through temporary lay-offs and reductions in personnel.

Transfer expenditure is budgeted at FIM 104.7 billion, ie the same level as originally budgeted for 1993. Central government transfers to local authorities are reduced by nearly FIM 5 billion or by 11 per cent as compared to the 1993 budget. This is due to the desire to cut personnel cost in the government sector.

Transfers to households are budgeted to grow by FIM 9.5 billion or 28 per cent on the original budget for 1993. Despite the aim to curtail unemployment benefits somewhat by tightening entitlement rules, central government outlays to cover unemployment benefits are scheduled to increase by one-half compared to the original 1993 budget. Part of the basic unemployment allowance is to be changed into so-called labour market support, which aims to support the employment of young people not enti-

tled to unemployment allowances and the long-term unemployed. Special employment-promoting measures are expected to provide employment or training for some 100 000 people or 4 per cent of the labour force.

Child allowances to households will increase by one-half next year because of a reform of the family support system. This will compensate for the abolition of child and other related deductions in taxation. As another savings measure, index adjustments to social transfers, including pensions, will not be made in 1994. Subsidies are slated to decline somewhat. Central government real investment will be cut by one-third. Interest outlays will grow by about 45 per cent next year, to more than FIM 20 billion.

REVENUE TO REMAIN AT 1993 LEVEL NEXT YEAR

Central government revenue (incl. extra-budgetary funds but excl. net borrowing) is estimated at FIM 129 billion, ie about FIM 1 billion more than the estimate for 1993. As is the case this year, the large deficit does not allow for tax relief in 1994. The tax ratio is estimated to grow from 46 to 47 1/2 per cent of GDP. This is due mainly to technical factors. Tax refunds from

tax years 1991 and 1992 will be paid this year; the final settlement of 1993 taxes has been postponed to spring 1995. This is estimated to increase income tax revenue by FIM 3.8 billion in 1994.

No inflation adjustments are to be made to personal income tax schedules or deductions. Deductions connected to family support are abolished, both in central and local government taxation. It is also proposed that a special loan to the government in 1993—an extra withholding from income exceeding FIM 100 000—be applied again in 1994. It is estimated that this loan will bring in some FIM 1.5 billion of revenue to the central government, to be paid back with other tax refunds in 1995.

The employee's compulsory unemployment insurance payment is to be raised from 0.2 per cent to 1.87 per cent from the beginning of 1994. Being deductible from earned income, it reduces central government income taxes by FIM 0.9 billion, even though it increases the overall tax burden of employees. The remaining extra 0.25 per cent contribution of an insured person to national pension and sickness insurance is to be abolished. Total central government income and wealth tax revenue is budgeted at FIM 33.7 billion, some FIM 4 billion more than in the original budget for this year.

The withholding tax on interest income will be raised from 20 per cent to 25 per cent from the beginning of next year. This will equalize the tax rate on all capital income.²

The introduction of a broad-based value-added tax (VAT) system from 1 June 1994 is now being discussed in Parliament. It would involve a broader tax base on goods and services and is estimated to increase annual budgetary revenue by FIM 3.8 billion. Part of this revenue would come from central and local government purchases of goods and services covered by the VAT. To alleviate the negative effect on investment during the

transition period, firms are allowed to make delayed deductions from sales taxes paid on investment goods in 1993–1994, prior to the introduction of the new system. It is also proposed that FIM 1.8 billion of the sales/VAT revenue be directed to the Social Insurance Institution. This will in turn reduce government transfers to the Institution. It is estimated that FIM 35.7 billion will be collected in sales/VAT taxes.

The taxation of energy is to be revised from the beginning of 1994. The commodity tax on fuels will be based on energy content and (in regard to fossile fuels) also on carbon content. The changes are estimated to

increase fuel tax revenues by FIM 0.3 billion. A user charge is to be applied to motor cars and a tax on telephone and telecommunications is to be levied from the beginning of next year. These will increase central government revenue by about FIM 1 billion. *Ceteris paribus*, the new VAT system and the increase in other indirect taxes is estimated to raise consumer prices by 2 per cent in 1994 and the first half of 1995.

CENTRAL GOVERNMENT DEFICIT REMAINS LARGE

The deficit in the central government revenue balance has grown from zero in 1990 to FIM 41 billion in 1992 (Table 1). It is expected to increase to FIM 56 billion this year. The cor-

responding net borrowing requirement figures for the years 1992 and 1993 are close to FIM 72 billion. This amounts to about 15 per cent of GDP. Next year's net borrowing requirement is expected to fall to FIM 66.7 billion for the central government sector (Table 1).

According to current estimates central government debt will total FIM 252 billion at the end of 1993, ie about 53 per cent of GDP. By end-1994 the ratio is projected to reach about 63 per cent and, for the whole public sector, 73 per cent (Table 2).

4 October 1993

² See the article by Heikki Koskenkylä in this issue of the Bulletin.

FISCAL POLICY MEASURES FOR IMPROVING CENTRAL GOVERNMENT FINANCES

by **Martti Lehtonen**, Head of Office
Economics Department
Bank of Finland

The economic slump of recent years has had a major impact on public finances. The strong financial position that characterized the central government and the rest of the public sector during the economic boom of the late 1980s has deteriorated rapidly (Chart 1). The abruptness of the change is due to both cyclical and structural factors. In the 1980s, legislation was enacted that provided for sharp increases in public services and income transfers related to social policy resulting in a steep rise in public spending. Moreover, the recession swelled expenditure related to the management of unemployment, interest payments on central government debt and outlays for dealing with the banking crisis. The central government's resultant deficit and debt problems have been exacerbated by the contraction of the tax base – i.e. decline in domestic demand and incomes – over a period of several years.¹

The consolidation of central government finances is a key element of Finland's economic policy strategy aimed at creating the preconditions for a return to sustainable economic growth. Tight control over central government spending is considered essential for halting the rise in debt and thus countering pressure for an increase in the tax burden. The aim is to reduce the size of the public sector over the next few years. Since 1992, fiscal measures affecting central government finances have increasingly focused on reining in spending.

The scope for tightening taxation is limited by tax rates that are – if anything – already high as well as by the adverse effects on economic activity. In addition, the integration process is adding to pressure for lowering taxes over the coming years. The tax reforms that have been implemented in recent years as well as those currently under preparation are designed to reduce the distortive effects of the tax system and to bring about the harmonization of tax systems implied by integration. These reforms are largely structural in nature and on the whole will not have significant effects on tax revenue in the short term.

CONTROL OF PUBLIC SPENDING

The adjustment of the public sector to the changes that have taken place in the economic environment has required extensive changes in legislation and other forms of regulation. The measures aimed at stabilizing central government finances have wide-ranging effects on the rest of the public sector and, of course, on the private sector as well.

Passage of spending cuts through Parliament simplified

In June 1992 a constitutional amendment was passed which makes it easier to pass legislation involving central government spending. With the entry into force of the amendment, laws can now for the most part be passed by a simple majority. Previously, just one-third of the votes was enough to postpone the passage of such laws until after the following parliamentary session (i.e. for at least a full

year). The two-thirds majority rule meant that it was virtually impossible to pass laws cutting spending or to reallocate it without raising the overall level of spending. Since the constitutional amendment came into force, numerous laws providing for cuts in central government spending have been enacted.

Normal majority parliamentarianism also makes it possible to clarify the borders of responsibility between the different areas of economic policy. In accordance with newly defined priorities, fiscal measures have been directed at halting the growth of central government debt. The qualified majority requirement often resulted in political compromises, which tended to blur the division of responsibilities between fiscal and incomes policy, in particular.

Greater flexibility and efficiency through net budgeting

The main principle applied in planning the central government budget is the budgeting of revenue and expenditure as gross amounts. The fact that Parliament considers estimated revenue separately from spending appropriations and not in net terms underscores its extensive power in the budgeting process. However, the increasing extent and diversity of the state's administrative responsibilities and efficiency requirements have increased the need of government agencies to manage their own finances more flexibly. As concerns the central government's commercial operations and provision of other fee-based services, net budgeting has been applied increasingly since the latter part

¹ See the article by Martti Hetemäki in the August issue of the Bulletin.

of the 1980s. Under net budgeting, revenue and expenditure that are directly linked together are combined and only their difference, net revenue or expenditure, is entered in the budget.

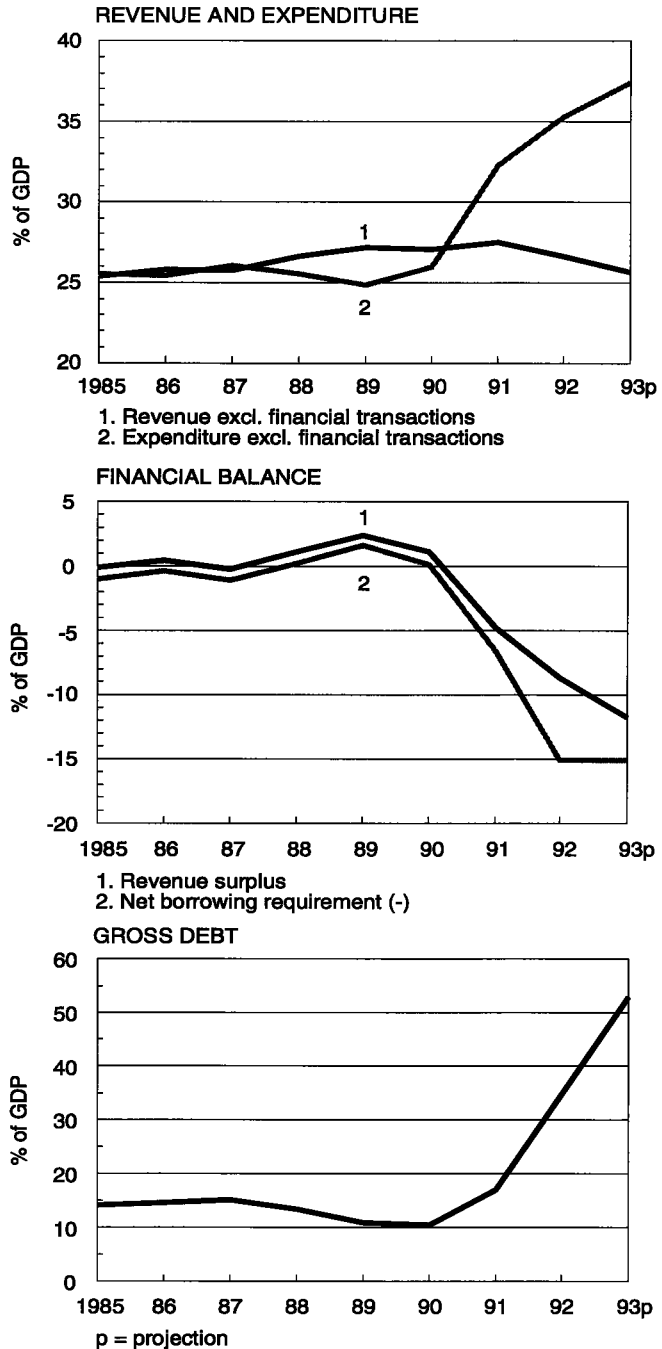
The application of net budgeting has improved management by results and efficiency in the provision of services. Making government agencies accountable for their financial results has resulted in an increase in the proportion of outlays that is covered by fees for services rendered.

Budget-cutting measures

A key fiscal policy objective set by the present Government when it took office in 1991 was to halt the growth of public spending. The recent rise in central government debt has served to highlight the importance of achieving this objective. The Government made the objective more explicit in February 1992 by setting a ceiling on central government spending for the period 1993-1995 (Table). The target was to reduce budgetary expenditure by 1995 to the level of 1991 in real terms. The target was reaffirmed in March 1993, but capital support for banks and related interest costs, which had come to form a significant item of expenditure, were not covered by the ceiling.

To meet the targets set in its programme and specified in the ceiling on expenditure, the Government has announced comprehensive spending cuts extended over a period of several years. As the recession has proved to be longer and deeper than expected, particularly outlays related to the management of unemployment and interest payments on growing central government debt have risen sharply, necessitating additional cuts in order for spending to be kept within the ceiling. Although the saving measures so far implemented have included many spending cuts that are in effect for one year only, the

CHART 1.
CENTRAL GOVERNMENT FINANCES 1985 - 1993



Source: Ministry of Finance

TABLE. BUDGETED CENTRAL GOVERNMENT EXPENDITURES, BILL.FIM, 1992 PRICES

	1991	1992	1993p	1994p	1995p
Budgetary ceiling ^{1,2}	.	.	174.2	171.2	169.7
Total expenditure ¹	171.0	176.9	179.4	172.0	..

¹ Expenditure before repayments on central government debt, excluding bank support and related interest payments.

² Allowing for changes in budget coverage, the 1995 ceiling corresponds to the 1991 level of real expenditure.

Sources: Ministry of Finance, budget proposal for 1994.

share of permanent measures is growing.

The reduction in statutory outlays or outlays that were otherwise already decided was begun in 1991. The spending cuts, amounting to ½ per cent of GDP (over FIM 2 billion), were modest in the light of the rate at which real spending was growing. The amendments to legislation included in the budget proposal for 1992 were designed to reduce spending by nearly 2 per cent (over FIM 8 billion) of GDP. For various reasons, including the qualified majority requirement, less than half of the targeted savings were achieved.

After the constitutional amendment noted above, some spending cuts were implemented through a supplementary budget in 1992. Including cuts in discretionary spending, expenditure was reduced by a total of 1¾ per cent of GDP (about FIM 8 billion) in 1992.

Despite the cuts, central government expenditure continued to grow rapidly in 1992 in real terms. As this was accompanied by a sharp increase in the central government deficit, it threatened to undermine the credibility of economic policy. This was reflected, for example, in a rise in domestic interest

rates and pressures on the markka. In response to the nervousness in the financial markets, the Government, in April 1992, announced new measures for cutting expenditure to be included in the 1993 budget proposal. The package also entailed measures aimed at cumulative savings in the following years.

In autumn 1992, projections of economic activity were again revised downward substantially. The worsened economic outlook led to a depreciation of the markka, which had been floated in September, and to interest rates settling at a very high level. The perception in the financial markets was that the measures in the Government's budget proposal did not go far enough. The Government reacted to this by announcing a major new programme of measures in October. The target for spending cuts in 1993 was raised, but the bulk of the savings related to 1994 and 1995. Greater emphasis was now placed on structural objectives.

All in all, spending cuts amounting to more than 3 per cent of GDP (FIM 17–18 billion) were implemented in 1993, in addition to the cuts that resulted from prior measures that were still in effect.

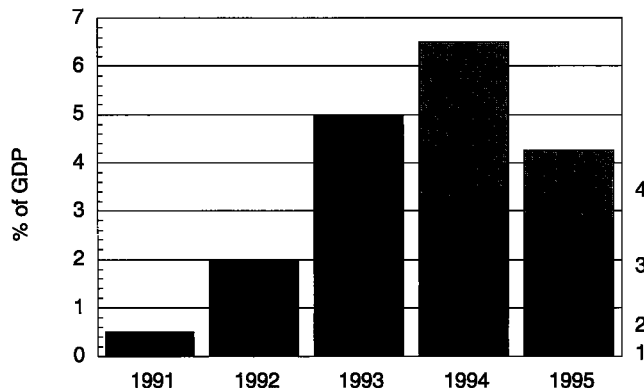
In specifying the framework for the 1994 budget in March 1993, the Government reconfirmed the expenditure ceiling set earlier, but outlays related to bank support were excluded. The Government also announced its commitment to implement necessary saving measures in order to achieve the target. Moreover, the target of stabilizing central government indebtedness until the year 1997 was established.

The budget proposal presented to Parliament in September 1993 included spending cuts amounting to over 3½ per cent of GDP (FIM 17–18 billion). The cumulative amount of savings was estimated at 6½ per cent of GDP (Chart 2).

The need for such substantial spending cuts has resulted

CHART 2.

REDUCTIONS IN CENTRAL GOVERNMENT OUTLAYS 1991 - 1995



Impact in per cent of GDP

1. Implemented in 1991
2. Implemented in 1992
3. Implemented in 1993
4. Proposed in 1994 budget

in a broad-ranging reduction in central government spending. The initial policy packages targeted a great number of fairly small expenditure items; cuts were made across the board. Subsequent measures have been more clearly aimed at structural objectives. One of the structural objectives is the removal of certain elements that have caused "automatic" increases in public sector spending, ie those non-discretionary items that have been responsible for the rising trend in public spending.

At the beginning of 1993, a reform of the state-aid system for the local government sector was effected. Under the new system, the amount of transfers to a municipality is determined mainly on the basis of certain general objective criteria, such as size and structure of population. Municipalities now have a greater say in how the money is used and more incentive to economize in the use of resources. The old practice of setting government appropriations largely in proportion to the nominal markka-total of municipalities' spending did not give municipalities an incentive to restrain spending growth.

The objectives regarding benefit levels under pension and other income transfer schemes have been re-evaluated with a view to restraining the growth in funding needs and the resultant cost pressures. In the public sector pension scheme, the target level for pension security is being lowered gradually to the level of the private sector (60 per cent of wage earnings). The minimum age for early retirement is being raised in all schemes. In addition, the indexing of benefits has been temporarily suspended. One of the long-term structural objectives of the reform is to maintain the incentive to work.

Support for agriculture and the business sector is to be reduced. The adjustment of agricultural production has been started by increasing the farmer's share of the costs of market-

ing agricultural surpluses. It has been difficult to cut subsidies to firms during the recession. The timing and extent of future measures will depend, for example, on how the process of integration advances.

Lending by the central government is to be replaced by bank lending and government interest subsidies; at the same time, the share of the latter is to be reduced.

The gradual scaling down of the public sector also implies a reduction in staff. To avoid dismissals, the Government is seeking to cut staff costs partly through reduced wages and benefits. The 1993 budget contained a 4 per cent target for savings in staff costs, and for 1994 another 6½ per cent cut has been targeted.

TAX REFORM

The aim of tax reform is to establish a system that takes into account the requirements implied by free capital markets and greater integration in Europe, is neutral in its treatment of

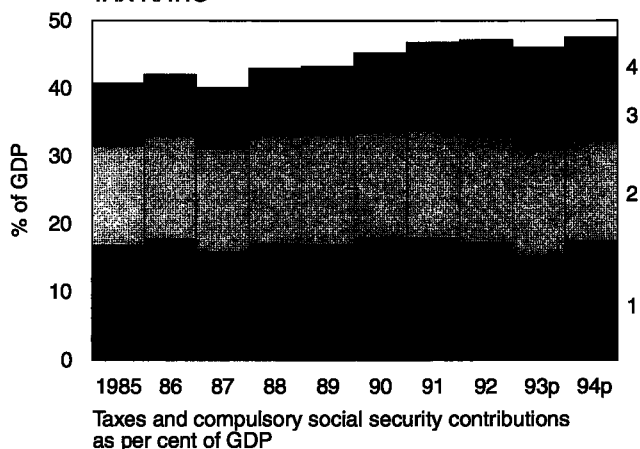
capital and other resources and helps to promote cost and price stability. Finland's overall ratio of taxes to GDP – including mandatory employment pension contributions – is presently well above the average for OECD countries.

The rise in the tax ratio during the recession years of 1991–1993 is largely attributable to increases in social security contributions and changes in the funding of income transfers and pensions effected for structural reasons. In 1993, wage earners began paying contributions to the employment pension scheme as well as to the mandatory unemployment insurance scheme. Moreover, the spending cut packages discussed above included measures aimed at temporarily increasing central government tax revenue. Their effect on the tax ratio is estimated at about one percentage point in 1993–1995 (Chart 3).

However, in the light of international trends in taxation, the reduction in public sector deficits cannot be based on raising

CHART 3.

TAX RATIO



1. Direct taxes
2. Indirect taxes and compulsory fees
3. Other social security contributions
4. Employment pension contributions

p = projection

Source: Ministry of Finance

the tax ratio over the coming years. In fact, the changes in the tax system that have been planned in recent years, and to a large extent already implemented, have been aimed primarily at structural objectives rather than increasing tax revenue.

The step-wise comprehensive reform of personal income taxation implemented in Finland over the period 1989-1991 was part of the international trend towards broader tax bases and lower tax rates. One of the prime objectives of the reform was to make taxation more neutral and thereby to enhance economic efficiency. It was also connected with efforts to reduce marginal income tax rates in income taxation.

The reform of capital and corporate taxation,² which came into force at the beginning of 1993, unified the taxation of different forms of capital income. The tax rate was set at a flat 25 per cent. With the exception of

imputed rent on owner-occupied housing and certain types of tax-free interest, the importance of which is diminishing, all forms of capital income will become subject to the same rate in 1994, when the withholding tax on interest income is raised to that level. A key component of the capital tax reform is the imputation system for dividends introduced in 1991, which removed the double taxation of dividends and at the same time ensured that all dividends would be taxable. The unification of dividends and interest taxation will eliminate the preferential tax treatment of debt financing and facilitate equity financing. In time, this will help to strengthen firms' capital structure.

The capital tax rate has been set to conform with the limitations implied by the mobility of capital. In connection with the reform of capital and corporate taxation, the restrictions on the right of foreigners to invest in Finland were lifted at the beginning of 1993. The change underlines the authorities' positive

attitude towards foreign ownership of both companies and real estate.

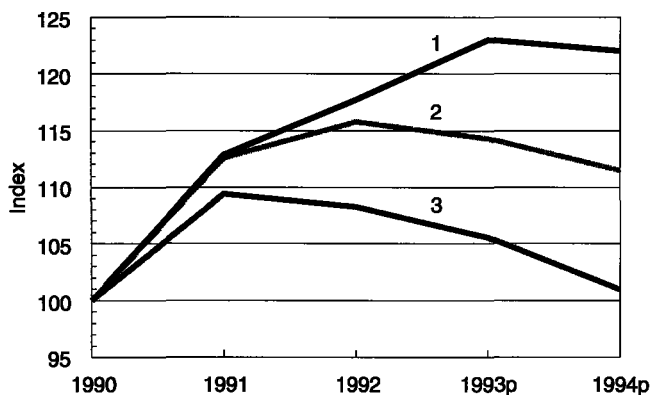
As regards indirect taxation, the key feature of the current reform is the changeover to the taxation of goods and services on the basis of a value-added tax. The tax law, which is now being considered by Parliament, is due to come into effect on 1 June 1994. The shift to a value-added basis will increase the neutrality of consumption taxation in Finland and bring the system into line with those in the EC and the other Nordic countries.

The reform involves a substantial broadening of the tax base for consumption, as it will also cover services, which are largely exempt from the current sales tax. The value-added tax will also be applied to housing construction, although the intention here is to delay the introduction of the tax. In contrast, the present burdensome sales tax that affects business investment will be lifted from all investments aimed at productive activities. In fact, sales taxes that have been paid in connection with investment projects carried out after January 1993 will be repaid to firms in 1994 and 1995. The competitiveness of Finnish firms will also be improved by the fact that, with the onset of value-added taxation, there will be much less hidden taxation caused by the cumulative incidence of taxes than there is under the current sales tax system.

² See the article by Heikki Koskenkylä in this issue of the Bulletin.

CHART 4.

VOLUME INDEX OF CENTRAL GOVERNMENT OUTLAYS 1990 - 1994



1990 = 100
Cash basis, excl. financial transactions

1. Total outlays
2. Total outlays minus interest on central government debt
3. Total outlays minus interest on central government debt and unemployment-related expenditure

p = projection

FISCAL CONSOLIDATION MEASURES WILL HAVE LONG-TERM IMPACT

The consolidation of central government finances has been taking place in an economic environment that has been marked by prolonged recession in Finland's major export markets and a deep recession at home. Built-in stabilizers associated with the low level of economic activity have hampered the task of halting the growth in central government spending. At the

same time, the slump has reduced tax revenue and dampened the stimulative effect of tax reform on investment.

The spending cuts that have been effected have resulted in a clear decline in the volume of central government spending in many areas. Built-in stabilizers have, however, boosted some items of expenditure, particularly those related to the management of unemployment and to interest payments on government debt (Chart 4). Total central government spending is expected to decline in real terms in 1994. Central government

spending subject to the budgetary ceiling³ is projected to decrease by 4 per cent in real terms in 1994. If this turns out to be the case, spending will be close to the ceiling set for 1994 (Table). Implementation of the spending cuts included in the Government's policy packages discussed above would also enable the ceiling to be met in 1995, when spending would be at the same level as in 1991 in real terms.

³ The budgetary ceiling applies to all expenditure except capital support to banks and related interest costs.

The effects of the legislative changes aimed at reducing central government spending are largely permanent, and so they will extend beyond 1995. Particularly the changes made in the pension system will have increasingly powerful effects over the coming decades. The incentive effects of the reforms on economic activity will likewise increase gradually in the course of time.

4 October 1993

FINLAND'S NEW CAPITAL INCOME TAX SYSTEM

by **Heikki Koskenkylä**, Head of Department
Research Department
Bank of Finland

On 1 January 1993, Finland introduced a significantly revised system of income taxation. The reform covers the entire scope of capital taxation, i.e. the taxation of individuals' (and death estates') capital income and business profits.

Regarding capital income, the new tax system follows the Nordic pattern and, particularly the reforms that have been carried out in Sweden and Norway. The reforms were effected in early 1991 in Sweden and in early 1992 in Norway. The Danish capital income tax system is also similar in structure.

Finland, Norway and Sweden have now adopted the so-called dual income tax approach in which earned income is subject to progressive tax rates but capital income is subject to a flat rate. In fact, we can speak of a Nordic model of capital income taxation. In contrast, the principle generally applied in the other industrialized countries is to add capital income to earned income for individuals, which means that all income is taxed progressively.

Another key element in the reform is the broadening of the tax base for capital income and business profits and a substantial reduction of the corporate tax rate to match the rate on other capital income.

These changes in the tax system are more far-reaching than the ones carried out between 1989 and 1991. At that time, Finland followed the international trend, mainly the tax reforms in the United States and the United Kingdom, which aimed at a broader tax base, lower tax rates and greater neutrality.

BACKGROUND TO THE REFORM

Personal income taxation in Finland has been marked by steep progressivity and marginal rates among the highest in Europe. For example, in 1992 the income tax rates ranged from zero to about 65 per cent.

Statutory tax rates have been so high in Finland that the actual taxation of capital income could not be based solely on those rates. As a result, capital income taxation over the years came to include a number of tax breaks that lowered the effective tax rates. As a result, capital income taxation became quite incoherent, non-neutral and non-transparent. The 1989–1991 reforms did not essentially improve the situation. The important features of these earlier reforms were the introduction of the imputation system of corporate taxation in 1990 and the adoption of the withholding tax on interest income in 1991.¹

The reform of capital income taxation is aimed at adapting to integration and to the developments taking place in the financial markets, as well as at a simpler and more neutral tax system.

The simplification of capital income taxation has generally been a key objective of tax reform in different countries. Unfortunately, this has been surprisingly difficult to achieve. Finland failed in this respect in its reform of 1989–1991.

The radical tax reforms introduced in the other Nordic countries in 1991–1992 and the re-

maining problems in the Finnish system led to the latest major reform of capital income taxation right on the heels of the previous reform.

MAIN FEATURES OF THE REFORM

The most important feature of the reform is the removal of progressivity from the taxation of individuals' capital income. Income taxation is now based on the principle of "dual" income taxation in which capital income and earned income are treated differently.

The main features of the new system are as follows:

- earned income is taxed progressively
- capital income is taxed at a uniform flat rate
- the tax rate on capital income is substantially lower than the highest marginal rates on earned income
- as interest payments are deducted from capital income to a limited extent, the tax value of interest deductions is determined by the tax rate on capital income
- the tax rate on business profits is the same as the rate on capital income.

Another key feature of the reform is that capital income and corporate profits are now taxed only by the central government. The reform removes these bases from local government taxation, but it also entitles local governments to a portion of corporate tax revenues. Moreover, local governments were given considerably more leeway to tax real estate (see below).

The capital income tax was set at 25 per cent in Finland, compared with 30 per cent in Sweden and 28 per cent in Norway. The tax is applied to nomi-

¹ See the articles by Lasse Aarnio in the January 1989 issue and by Helka Jokinen and Heikki Solttila in the October 1991 issue of the Bulletin and the article by Heikki Koskenkylä in *Unitas* No. 3, 1992.

nal capital income, which to a large extent explains the low rate. If inflation were to accelerate, the real tax rates on capital gains and interest income in particular would increase significantly.

The new capital income tax scheme is neutral in the sense that an investment's current yield and appreciation are now taxed at the same rate. In principle, the new capital income tax rates are applied to almost all capital income, ie interest income, dividends, rental income, capital gains, income from forestry, business profits and insurance saving. The main exceptions include interest income and capital gains from the sale of a taxpayer's own permanent residence, which remain largely exempt from taxes. In addition, many provisions involve deviations from the basic principle for several years during the transition period.

TAXATION OF DIFFERENT TYPES OF CAPITAL INCOME

Interest income

In principle, the 25 per cent tax rate is applied to interest income of individuals. In practice, most items of domestic interest income are taxed on the basis of a separate withholding tax or are exempt from the tax. The exemption of interest income is linked to the rate of interest: deposits are tax-exempt if they bear a maximum interest rate of 2.5 per cent. In addition, 24-month and 36-month fixed-term deposits are tax-exempt until the end of 1996. Their interest rates are tied to the Bank of Finland's base rate (base rate less 2 percentage points or less 1 percentage point). The base rate is now 6 per cent. The withholding tax was initially 10 per cent in 1991 but has gradually increased over the years, to 15 per cent in 1992 and 20 per cent in 1993. Beginning in 1994, the rate, according to the budget proposal for 1994, would be 25 per cent. The withholding (ie final) tax is applied to domestic

bank deposits and bonds. Fixed-term deposits will cease to be tax-exempt after the transition period but transactions accounts (maximum interest 2.5 per cent) will be permanently tax-exempt.

Dividends

As a result of the imputation system of corporate taxation introduced in 1990, dividends are no longer subject to double taxation in Finland. Under the system, the tax paid by a corporation is fully credited to shareholders. The system was retained almost unchanged under the 1993 reform. Shareholders do not pay tax on dividends because the tax rates on corporate profits and the capital income are equal. The overall tax rate on distributed profit is thus only 25 per cent.

The taxation of dividends can be illustrated as follows:

Company:	
Profit before taxes	100
Minus corporate tax (25 %)	25
Distributed profit	75
Shareholder:	
Dividend	75
Plus credit for corporate tax	25
Taxable income	100
Shareholder's tax on dividends	
Less credit for corporate tax	25
Taxes owed	0

The new legislation did not directly exempt dividends from taxation because of the intention to tax some non-corporate dividends progressively as earned income and because it was felt that the imputation system in itself creates more room for manoeuvre in the international taxation of dividends. As a result of the reform, the tax treatment of dividends is substantially more favourable than before when it was possible to tax dividends at the highest marginal rates. In practice, the earlier dividend tax system also included significant tax reliefs both for the company and the shareholder.

A full imputation credit can be granted to the shareholder if the company has paid taxes on its distributed profits. Therefore, the distributing company must pay at least a minimum tax, which is equal to the imputation credit (presently $\frac{1}{3}$ of the dividend). If the tax paid by the company on the basis of the profit is less than the minimum tax, the company must pay a so-called supplementary tax.

Thus dividends are now taxed only once – at the company level. However, undistributed profits are in principle subject to double taxation since they are also taxed as capital gains when shareholders dispose of their shares.

Capital gains and capital losses

Prior to the reform, the tax treatment of capital gains was very complicated. The tax rate generally decreased as the period of ownership increased. Now the tax rate on capital gains is 25 per cent. In calculating taxable capital gains, it can be assumed that the acquisition cost is at least 50 per cent of the selling price if the property was acquired before 1989 and at least 30 per cent otherwise. The capital gains on the sale of a permanent home are tax-exempt after the property has been held for two years.

The deductibility of capital losses was expanded. Capital losses can be offset against capital gains arising in the same and three following years. However, capital losses are not as a rule deductible from capital income.

Income from forestry

Under the former system in Finland, income from forestry was taxed according to the area and estimated forest growth, without taking timber sales proceeds into account. Consequently, the tax on income from forestry had to be paid even if no timber was actually sold. Under the new system, timber sales proceeds are taxed at the regular 25 per cent rate on capital

income. However, a long transition period, to 2005, was allowed. In 1993 when the change was introduced, an individual forest owner could choose between the old and new systems. The choice was binding for the entire transition period.

Deduction of interest payments

Under the dual income tax system, income is separated into capital income and earned income. Deductions must also be allocated separately for the two categories of income. The principle is that interest expenses are deducted from capital income. As a rule, only interest paid on housing loans, study loans and loans related to the generation of taxable income are deductible. As regards interest paid on housing loans, several rules have been given for the transition period. Thus interest paid on other loans (consumer loans, second residence loans, etc.) will no longer be deductible, except to a very limited extent during the transition period.

If capital income is less than the permitted deductions, a credit equal to 25 per cent of the shortfall can be applied against the tax payable on earned income. This is to ensure that the interest deduction also applies, for example, to taxpayers who acquire a permanent residence but have no capital income. The maximum credit is FIM 8 000 for a single taxpayer and FIM 20 000 for a family. A deduction of FIM 8 000, for example, corresponds to interest expenditures of FIM 32 000 as the tax rate is 25 per cent. The capital income shortfall can be deducted over a period of ten years.

Taxation of corporations and small businesses

Under the reform, the corporate tax rate was lowered to 25 per cent from the previous 19 per cent central government tax plus 17 per cent local government tax, which made a total

of 36 per cent. Since 1989 the central government tax rate has been lowered almost every year.

The lowering of the tax rate was offset by eliminating certain deductions. The undervaluation of inventories and the operating reserve were eliminated, except that the operating reserve is still allowed for partnerships and self-employed persons, which are subject to some extent to progressive taxation.

The investment reserve system was abolished already in 1991. Now, the right to depreciate buildings was also somewhat restricted. The maximum rate of depreciation for machinery and equipment was retained at 30 per cent and the deduction of entertainment expenses was restricted to 50 per cent. Whereas it was formerly possible to deduct losses over the following five-year period, the new system provides for a ten-year period.

Under the former system, tax breaks were allowed for certain capital gains from the sale of fixed assets (real estate, shares). Now all forms of capital gains to corporations are taxed as normal income. On the whole, the objective of the reform was to reduce the difference between taxable and accounting profits.

The taxation of partnerships was changed for the third time in just a few years. Under the former system, half of the income was taxed as partnership income and the other half (progressively) as personal income.

Since 1993 all the income of partnerships and self-employed persons is taxed as the partners' or owner's personal income. The same principle is applied to assets in determining the wealth tax. Income is divided into capital income and earned income, but the distinction is not obvious. Capital income is assumed to be 15 per cent of a company's net assets. The remaining part is considered earned income and is therefore taxed progressively. This principle is also applied to farmers. Dividends distributed

by listed companies, however, are always regarded as capital income (see above). The tax reform also provides for a transition period, which makes it easier on the taxpayer.

Other capital taxes

In addition to the above-mentioned changes in taxation, a comprehensive real estate tax was introduced. Previously, real estate taxes played a very modest role in the tax system. Such taxation was dispersed in that it entailed a variety of taxes (road charge, tax on dwelling income, presumptive local government tax and charge on assessed units of land).

The former system was replaced by a general real estate tax, which is determined by Parliament and applied by local governments within the prescribed limits. The tax rate is between 0.1 and 1.8 per cent of the assessed value of real estate. Forest land and agricultural land are exempted from the real estate tax. It is expected that the real estate taxation will become more important in the future.

In the Finnish system, there is also a tax on net wealth, which is designed to complement capital income taxation. The tax rate is 0.9 per cent on net assets exceeding FIM 1.1 million (about USD 186 000). Only a few households pay this tax, as the assessed values of assets are below market prices. The tax is not applied to bank deposits or bonds. The revenue from the wealth tax is very insignificant.

The Finnish inheritance and gift taxes were not changed in the context of the reform. These taxes are very low for close relatives and only slightly progressive. The highest tax rate for close relatives is 14 per cent.

ASSESSMENT OF THE TAX REFORM Fairness

The Nordic countries have now widely adopted a uniform flat tax rate for capital income.

At first sight, this may seem surprising as these countries have been among the so-called social welfare states, where income distribution and therefore progressive taxation played a crucial role. It is usually felt that as progressiveness diminishes, so does fairness.

But in practice, this need not be the case. In the past, nominal tax rates were indeed high but many deductions, tax reliefs and loopholes led to low (sometimes even negative) effective tax rates. As a result, the fairness of taxation suffered severely. An efficient and comprehensive system of flat rates actually means a definite improvement in the fairness of taxation.

Disparity between tax rates

After the reform, the biggest problem is the large disparity between tax rates on capital income and on earned income. At its largest, the gap is about 40 percentage points (65–25). This creates an incentive to transform earned income into capital income, which the new legislation was supposed to prevent. In Norway and Sweden, the situation is not as bad because the highest marginal tax rates were lowered considerably in the context of tax reform. These rates are now 48.8 per cent in Norway and 51 per cent in Sweden – clearly below the level in Finland. In the future, there will be heavy pressure for lower tax rates on earned income in Finland.

Effective tax rates

The effective level of capital income tax rates in Finland has been assessed before. According to rough estimates, the average rate was 10–15 per cent before the 1989 reform. This reform increased the average tax rate somewhat. The deductibility of interest costs is not included in these figures. This would further reduce the effective rates.

A 25 per cent flat tax rate implies a slight increase in the effective tax rate. The effective tax

rate is now close to the 25 per cent level because most of the deductions have been eliminated. However, the change in the effective rate varies for different forms of capital income.

Tax revenues

The tax reform is expected to have an almost neutral effect on tax revenues in the short term but to increase them somewhat in the longer term. Extreme cyclical fluctuations make assessments of the impact on revenues tenuous. An immediate and significant increase in taxes on real estate is expected.

Sensitivity to inflation

As mentioned earlier, inflation is one of the arguments for fairly low tax rates. Nominal taxation readily leads to tighter real taxation if inflation accelerates. The greatest impact of higher inflation would be on real tax rates on capital gains and interest income. Thus the new tax system is not neutral regarding inflation, but this does not present a problem when inflation rates are low.

Neutrality as regards financing modes

One of the main objectives of the reform was to increase the neutrality in relation to different forms of finance available to companies. This was achieved in part.

The following calculation compares costs of different financing modes before and after capital income tax reform. A market rate of 10 per cent is assumed in the calculations.

Costs of various modes of finance under the former and new capital income tax system, or return requirement after taxes are as follows (per cent):

	Old taxation	New taxation
Debt financing	6	7.5
Retained profits	12	10
Share financing	12.8	7.5

After the reform, the return requirements concerning different modes of finance have

come closer together. Neutrality has thus been increased, but retained profits are now the most expensive mode of finance. This is because they are double-taxed (as corporate income and as capital gain). It is quite difficult to assess the impact of the reform on the average cost of financing. Changes in the average cost depend more on the market rate of interest than on the tax reform.

CONCLUSIONS

In principle, if the new capital income tax system is implemented in full, it could be fairly simple. Presently, it is complicated to some extent due to the (partly long) transition periods. It seems that in every country political factors make the simplification of capital taxation difficult.

One of the primary objectives of the reform was to create a competitive tax system. This objective was achieved, at least in view of the current situation. The taxation of dividends in particular is now more favourable in Finland than elsewhere. Double taxation has not nearly been eliminated in all countries, even though the issue is often discussed. On the other hand, the 25 per cent rate on interest income and capital gains is not particularly low. Other countries grant many reliefs in the taxation of interest income. Besides, long-term capital gains are commonly subject to low taxes. Finnish corporate tax rates are competitive by European standards, even after the reform.

The neutrality of capital income and corporate taxes has increased considerably, which, in the long term, should improve resource allocation in Finland. The taxation of self-employed persons is fairly complicated and so this is an area for possible change in the future.

8 October 1993

**EXPANSION OF
THE PRIMARY DEALER
SYSTEM FOR
BENCHMARK
GOVERNMENT BONDS**

Agreements on benchmark government bond issues and the maintenance of a secondary market were signed by the State Treasury, the Bank of Finland and Unibörs Securities, a Danish broker, in September.

Unibörs Securities is the first foreign dealer to join the primary dealer system for Finnish benchmark bonds and the first foreign securities broking firm accepted as a market maker in the domestic bond market without the establishment requirement.

Although Unibörs Securities deals mainly in Scandinavian bonds, it has been trading in Finnish Eurobonds for several years and in markka bonds since the market was reopened.

The introduction of Unibörs Securities as a primary dealer is expected to further improve the liquidity of benchmark government bonds and to attract greater numbers of investors.

Unibörs Securities began acting as a primary dealer on 1 October 1993.

**PUBLICATION OF
THE BANK OF FINLAND**

The publication "Retail Banking in European Financial Integration" by Jukka Vesala has appeared in the Bank of Finland Publication Series D (D:77).

This study surveys the structural and competitive effects of European financial integration on retail banking in the forthcoming European Economic Area, and comments on potential industry-specific efficiency and welfare gains. The banking deregulation that took place in most European countries for the most part in the 1980s and EC banking legislation (largely post-White Paper) are overviewed in an attempt to depict recent changes in banks' legal environment and their effects on the evolution of banking. The study is both descriptive and analytical, as it contains comparative data for the period 1980-1990 (2) and employs the analytical concepts of industrial economics. Structural effects of integration are evaluated by investigating banks' strategic reactions to changes in their legal and competitive environment.

The data indicates marked heterogeneity in the European

banking industry. The British, Swiss and German banks appear to be the most competitive and the Italian, Spanish, and Finnish banks the least competitive at the onset of the Single Market, as measured by level of competition and operating efficiency. In retail banking, the sub-markets for wealthy consumers and medium-sized firms are expected to experience a significant increase in competition and to possess contestable properties, whereas the "mass retail markets" are expected to remain segmented, at least in the short run, due to significant barriers to entry. In the long run explicit cooperation, which appears to have increased of late (even among banks from different countries), and tacit collusion constitute the most serious threats to competition. Thus, an active competition policy is required to ensure the efficient operation of the Single Market for banking services. Helsinki 1993. pp. 222. ISBN 951-686-378-7. ISSN 0355-6042.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM SEPTEMBER 1992 TO AUGUST 1993

1992

SEPTEMBER

Floating of the markka. On 8 September, the Bank of Finland decides to temporarily float the markka because of continuing pressure against the currency in the foreign exchange market. The decision is taken with the consent of the Government in accordance with the Currency Act.

OCTOBER

Tax-exempt deposits. On 16 October, the law on the tax relief of deposits and bonds is amended to grant tax-exempt status to 36-month fixed-rate deposits providing the interest rate on them is not more than the Bank of Finland's base rate less one percentage point and they are made between 1 September 1992 and 31 December 1993. The tax-exempt status of 24-month deposits is extended to apply to deposits made up to the end of 1994.

Cash reserve requirement. The Bank of Finland raises the banks' cash reserve requirement from 3.7 per cent to 4.0 per cent of the cash reserve base at end-September.

Termination of payments agreement. The payments agreement between Finland and Bulgaria is terminated on 16 October. Immediately after this, the effecting of clearing payments is discontinued, the clearing accounts are closed and there is a changeover to the use of convertible currencies in trade between the two countries.

NOVEMBER

Amendment to the Currency Act.

On 13 November, section 2 of the Currency Act is amended so as to enable the Government, on the basis of a proposal of the Bank of Finland, to authorize the Bank to abandon the limits on the markka's range of fluctuation for an indefinite period. In addition, the Government can cancel such authorization, after taking into consideration the conditions prevailing in the money and foreign exchange markets. Prior to making the decision, the Government must request the opinion of the Bank of Finland on the matter.

Decision to continue the floating of the markka. On 13 November, the Government, in accordance with the amendment to the Currency Act, decides to authorize the Bank of Finland to continue the floating of the markka.

Letter of intent between the Government Guarantee Fund and Kansallis-Osake-Pankki.

On 24 November, Kansallis-Osake-Pankki buys the majority shareholding in STS-Bank Ltd from the STS Foundation. On the same date, the Government Guarantee Fund and Kansallis-Osake-Pankki sign a letter of intent on the establishment of an asset management company ("bad bank") for the management of STS-Bank's bad loans. The agreement is conditional on the Act on the Government Guarantee Fund being amended to permit the establishment of such a company.

Cash reserve requirement.

The Bank of Finland raises the banks' cash reserve requirement from 4.0 per cent to 4.5 per cent of the cash reserve base at end-October.

Till-money credits. The Bank of Finland revises the base amounts, the share of banks' till-money holdings which is not financed by the Bank of Finland under the till-money credit arrangement. The combined total of base amounts is raised to 20 per cent of currency in circulation with the public. The combined total of the banks' base amounts rises by FIM 597 million and amounts to FIM 1 791 million as from the last business day in November.

DECEMBER

Government offer of capital to banks.

Two commercial banks (Union Bank of Finland and Okobank), 14 savings banks and 57 cooperative banks accept, by 16 December, the offer of capital made by the Government. The total amount of capital raised in this context is FIM 3.3 billion.

Government Guarantee Fund grants support to Skopbank and the Savings Bank of Finland.

The Government Guarantee Fund decides, on 22 December, to grant capital support totalling FIM 1.5 billion to Skopbank and, on 30 December, to grant capital support totalling FIM 4.7 billion to the Savings Bank of Finland.

Cash reserve requirement.

The Bank of Finland raises the banks' cash reserve requirement from 4.5 per cent to 5.0 per cent of the cash reserve base at end-November.

JANUARY

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 9.5 per cent to 8.5 per cent with effect from 1 January.

Cash reserve requirement. The Bank of Finland raises the banks' cash reserve requirement from 5.0 per cent to 5.5 per cent of the cash reserve base at end-December.

Interest on cash reserve deposits. The Bank of Finland decides to lower the rate of interest paid on cash reserve deposits as from 1 January in accordance with the current cash reserve agreement. The new interest rate will be 3 percentage points below three-month HELIBOR, however not less than 8 per cent.

Swap agreement between the Nordic central banks. The Nordic central banks decide to revise and substantially enlarge their agreement on short-term currency support, which has been in force since 1 January 1984. The revised agreement enters into force on 1 January for an indefinite period.

New legislation on foreign ownership. The 1939 Restriction Act is repealed at the end of December, and new legislation lifting the restrictions on foreign ownership of Finnish companies enters into force on 1 January. The new legislation also liberalizes the acquisition of real estate by foreigners.

FEBRUARY

Monetary policy. The Bank of Finland specifies the guidelines in accordance with which monetary policy will be conducted over the next few years. The aim is to stabilize the rate of inflation, measured by the annual rise in consumer prices, permanently at two per cent by 1995. Inflation will be measured 18 by the consumer price index;

however, changes due to public charges, taxes and developments in housing prices will not be taken into account in monetary policy.

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 8.5 per cent to 7.5 per cent with effect from 15 February.

Finnish State guarantees banks' operations. On 23 February, Parliament unanimously approves a resolution requiring the Finnish State to guarantee that Finnish banks meet their commitments under all circumstances. At the same time, Parliament undertakes to grant the Government whatever funds and powers might be necessary for this purpose.

MARCH

Organization of the Government Guarantee Fund. The internal organization of the Government Guarantee Fund is changed on 11 March. The changes are designed to improve the Fund's prerequisites for providing bank support. The main changes are: (1) the board of management of the Fund comprises at most five members, at least one of whom represents the Ministry of Finance; the Parliamentary Supervisory Board of the Bank of Finland continues to function as the Fund's supervisory body and appoints the members of the board; (2) the Fund has a full-time manager and other necessary full-time staff; and (3) the Fund assists the Ministry of Finance in the preparation of decisions concerning the use of funds set aside for bank support in the state budget; the Government makes decisions on support measures.

MAY

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 7.5 per cent to 7.0 per cent with effect from 17 May.

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 5.5 per cent to 4.5 per cent of the cash reserve base at end-April.

Maximum interest rate on transaction accounts. Under the amendment to the law on income and wealth taxation, the maximum annual rate of interest payable on tax-exempt transaction accounts is lowered from 4.5 per cent to 2.5 per cent with effect from 6 May.

JUNE

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.5 per cent to zero (0) per cent of the cash reserve base at end-May and returns the banks' cash reserve deposits on 1 June 1993.

Termination of till-money credit facility. The Bank of Finland decides to terminate its till-money agreements with the banks with effect from 30 June, when the till-money credits currently extended to the banks mature.

Market in government securities. On 15 June, the Bank of Finland announces measures designed to promote the functioning of the market in government securities by improving the operating conditions of primary dealers. Among other things, the Bank starts to hold weekly repo auctions in government and Bank of Finland securities for the primary dealers. In addition, the Bank may, at its discretion, grant intraday credit to primary dealers and special short-term financing to non-bank primary dealers.

JULY

Introduction of minimum reserve system.

In June, an amendment to the Regulations for the Bank of Finland enters into force providing for a mandatory minimum reserve system. On 30 June, the Bank decides to terminate the existing

cash reserve agreement with the banks and replace it by the minimum reserve system.

Deposit banks and branches of foreign credit institutions are required to hold 2.0 per cent of their liquid deposits, 1.5 per cent of their other deposits and 1.0 per cent of their other domestic liabilities as non-interest-bearing minimum reserves at the Bank of Finland. The system is applied for the first time to the reserve base for June and the corresponding deposits are to be made by the end of July.

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 7.0 per cent to 6.5 per cent with effect from 15 July.

AUGUST

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 6.5 per cent to 6.0 per cent with effect from 16 August.

Guarantee to the Union Bank of Finland and Kansallis-Osake-Pankki.

On 19 August, the Government makes a decision in principle to guarantee the acquisition of new equity capital by the Union Bank of Finland (UBF) and Kansallis-Osake-Pankki (KOP). The final decision is subject to approval by Parliament of the necessary revisions to the budgetary powers.

The guarantee to be given to the UBF covers the issue of preferred capital certificates up to FIM 1 billion and that to KOP the issue of preferred capital certificates and subordinated debentures up to a total of FIM 1.8 billion. In the case of preferred capital certificates, the guarantee applies to both interest and principal and will remain in force for a maximum of 10 years.

The state will receive consideration against the guarantees, the probable value of which will cover the probable

amount of expenses incurred by the state.

Support to the Savings Bank of Finland.

On 19 August, the Government grants capital support totalling FIM 1 billion to the Savings Bank of Finland. Of this amount, FIM 250 million is used to increase the bank's share capital and FIM 750 million to purchase the bank's preferred capital certificates. As a result, the state's holding in the Savings Bank of Finland rises to 99 per cent.

LAND, CLIMATE AND POPULATION

Finland covers an area of more than 338 000 square kilometres. The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and Russia in the east and has a coastline bordered by the Baltic Sea in the south and west. Agricultural land accounts for 8 % of the total area, forest and other wooded land for 69 % and inland waters for 10 %. Located between latitudes 60° and 70° north, Finland has warm summers and cold winters. Helsinki on the south coast has an average maximum temperature of 22° C (72° F) in July and -4° C (25° F) in February.

Finland has a population of 5 055 700 (1 January 1993) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 502 000 inhabitants, Espoo (Esbo) 178 850, Tampere (Tammerfors) 175 300, Turku (Åbo) 160 200 and Vantaa (Vanda) 159 300.

There are two official languages: 93.4 % of the population speaks Finnish as its mother tongue and 5.9 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugric group of languages, which also includes Estonian and Hungarian.

FORM OF GOVERNMENT

Finland is a parliamentary democracy with a republican constitution. From the twelfth century to 1809 Finland was part of the Kingdom of Sweden. In 1809, Finland was annexed to Russia as an autonomous Grand Duchy with the Tsar as Grand Duke. On 6 December 1917 Finland declared her independence. The republican constitution adopted in 1919 remains essentially unchanged today.

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, 1 March 1988 to 1 March 1994, is Dr Mauno Koivisto.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1991, the seats of the various parties in Parliament are distributed as follows:

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish People's Party 12; The Greens 10; Christian

League 8; Rural Party 7; and Liberal Party of Finland 1.

Of the 17 ministerial posts in the present Government appointed in April 1991, 8 are held by the Centre Party, 6 by the National Coalition Party, 2 by the Swedish People's Party and 1 by the Christian League. The Prime Minister is Mr Esko Aho of the Centre Party.

Finland is divided into 461 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of four years.

INTERNATIONAL RELATIONS

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, the AfDB in 1982, the MIGA in 1988 and the Council of Europe in 1989.

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. In spring 1992, Finland signed the agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Community, and submitted her application for membership of the European Community. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

Finland's development co-operation programmes channel assistance via international organizations and, bilaterally, to a number of African, Asian and Latin American countries.

THE ECONOMY

Output and employment. Of the gross domestic product of FIM 414 billion in basic values in 1992, 3 % was generated in agriculture and fishing, 2 % in forestry, 22 % in industry, 6 % in construction, 12 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 18 % in other private services and 22 % by producers of government services. Of total employment of 2.1

million persons in 1992, 9 % were engaged in primary production, 27 % in industry and construction and 64 % in services.

In 1992, expenditure on the gross domestic product in purchasers' values amounted to FIM 476 billion and was distributed as follows: net exports 1.2 % (exports 26.8 %, imports -25.6 %), gross fixed capital formation 18 %, private consumption 57 % and government consumption 25 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.7 % in 1990-92. Finland's GDP per capita in 1992 was USD 21 000.

Foreign trade. OECD countries absorb the bulk of Finnish merchandise exports. In 1988-92, their share was, on average, 78.1 per cent, of which the share of EC countries was 47.7 percentage points and that of EFTA countries 20.2 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 14.4 per cent and the rest of the world for 9.6 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1992, the share of forest industry products in total merchandise exports was 38 %, the share of metal and engineering products 43 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 62 % of merchandise imports, fuels for 4 %, investment goods for 14 % and consumption goods for 22 %.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1880 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 38 million cubic metres in 1992.

Energy. In 1992, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 22 %, transportation for 14 % and other purposes for 19 %. The sources of primary energy in 1992 were as follows: oil 29 %, coal 9 %, nuclear power 15 %, hydro-electric power, peat and other indigenous

sources 31 %, others 16 %. Compared internationally (1990), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 39 %, as compared with 60 % in western Europe on average.

FINANCE AND BANKING

Currency. Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 1 November 1977 to 7 June 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from 30 November 1988 the range was 6 percentage points). From 7 June 1991 to 7 September 1992, the markka was pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was first 4.87580 (FIM/ECU). Owing to the devaluation of the markka on 15 November 1991, the midpoint was increased to 5.55841 and the fluctuation limits to 5.39166 and 5.72516. On 8 September 1992, the Bank of Finland decided to temporarily abandon the limits of the fluctuation range and allow the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands

Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market and determination of the external value of the currency within the fluctuation limits. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 7 branch offices in other towns.

Other banks (31 December 1992). Finland has three major groups of deposit banks with a total of about 2 700 offices. There are three big commercial banks with national branch networks and ten smaller ones, two of which are foreign-owned. The commercial banks have a total of 29 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 41 savings banks and 310 cooperative banks with their own extensive branch networks. In addition, foreign banks have three branches and eight representative offices in Finland.

Financial market. Of the total stock of FIM 758 billion in outstanding domestic credit at the end of 1992, 58 % was provided by deposit banks

3 % by private mortgage banks, 19 % by insurance companies, 3 % by other private credit institutions, 6 % by public financial institutions and 10 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 75 % of the instruments, which totalled approximately FIM 158 billion at end-1992, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 63 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 64 billion (at end-1992). Two foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1992 totalled FIM 162 billion; government bonds made up 27 % of the total. Turnover on the Stock Exchange in 1992 amounted to FIM 26 billion; the share of shares and subscription rights in the total was approximately 40 %.



1. THE BALANCE SHEET OF THE BANK OF FINLAND	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
2. THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION	S4
2.1 Bank's liquidity position at the Bank of Finland	S4
2.2 The Bank of Finland's minimum reserve system	S4
2.3 The Bank of Finland's money market transactions	S4
2.4 The Bank of Finland's transactions in convertible currencies	S5
2.5 Forward exchange market	S5
3. RATES OF INTEREST	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 The Bank of Finland's liquidity facility	S6
3.3 Weighted Eurorates and commercial ECU interest rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Yields on bonds and debentures	S7
4. RATES OF EXCHANGE	S8
4.1 Middle rates	S8
4.2 Markka value of the ECU and currency indices	S9
5. OTHER DOMESTIC FINANCING	S10
5.1 Bank funding from the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Markka bond market	S12
a) Issues	S12
b) Stock	S12
c) Turnover	S13
5.6 Helsinki Stock Exchange	S13
6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS	S14
6.1 Current account	S14
6.2 Capital account	S15
6.3 Finland's foreign liabilities and assets	S16
6.4 Finland's long-term foreign liabilities and assets by sector	S17
7. FOREIGN TRADE	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, unit value and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
8. DOMESTIC ECONOMIC DEVELOPMENTS	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24
NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION	S25 S1

1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1992		1993		
	31 Dec.	8 Sept.	13 Sept.	23 Sept.	30 Sept.
ASSETS					
Gold and foreign currency claims	29 517	30 248	28 120	27 572	27 083
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	564	677	674	690	675
IMF reserve tranche	1 732	1 875	1 867	1 911	1 869
Convertible currencies	25 041	25 516	23 399	22 791	22 359
Other foreign claims	4 867	5 362	5 360	5 367	5 364
Markka subscription to Finland's IMF quota	4 464	4 904	4 904	4 904	4 904
Term credit	404	458	455	463	460
Claims on financial institutions	14 595	8 186	9 362	9 153	9 723
Liquidity credits	1 585	589	168	0	1 779
Certificates of deposit	3 930	2 130	1 880	1 668	925
Securities with repurchase commitments	4 408	4 023	5 817	6 013	5 549
Term credits	100	-	-	-	-
Till-money credits	2 872	-	-	-	-
Bonds	1 462	1 207	1 260	1 233	1 233
Other claims on financial institutions	238	238	238	238	238
Claims on the public sector	2 446	1 421	1 408	1 438	1 444
Treasury notes and bills	-	-	-	-	-
Loans to the Government Guarantee Fund	1 000	-	-	-	-
Total coinage	1 446	1 421	1 408	1 438	1 444
Claims on corporations	1 458	3 378	3 372	3 371	3 363
Financing of domestic deliveries (KTR)	747	570	565	563	555
Other claims on corporations	711	2 807	2 807	2 807	2 807
Other assets	10 925	7 572	7 572	7 571	7 576
Loans for stabilizing the money market	9 474	7 407	7 407	7 407	7 407
Accrued items	1 298	-	-	-	-
Other assets	153	165	165	164	169
Capitalized expenditures and losses due to safeguarding the stability of the money market	1 700	1 700	1 700	1 700	1 700
Total	65 509	57 867	56 894	56 172	56 253
LIABILITIES					
Foreign currency liabilities	101	214	216	217	225
Convertible currencies	101	214	216	217	225
Other foreign liabilities	7 764	6 072	6 067	6 094	6 068
IMF markka accounts	4 464	4 904	4 904	4 904	4 904
Allocations of special drawing rights	1 026	1 167	1 163	1 190	1 164
Other foreign liabilities	2 274	-	-	-	-
Notes and coin in circulation	14 508	13 304	13 300	13 299	13 317
Notes	13 209	12 020	12 017	12 016	12 036
Coin	1 299	1 285	1 283	1 282	1 281
Certificates of deposit	4 880	15 469	14 484	13 185	13 615
Liabilities to financial institutions	20 000	6 701	6 505	6 869	6 354
Call money deposits	2 135	390	195	565	15
Term deposits	4 700	-	-	-	-
Minimum reserve deposits	13 165	6 310	6 310	6 304	6 338
Other liabilities to financial institutions	-	1	1	0	1
Liabilities to the public sector	90	150	150	149	149
Cheque accounts	72	2	2	2	2
Deposits of the Government Guarantee Fund	18	147	147	147	147
Other liabilities to the public sector	-	-	-	-	-
Liabilities to corporations	3 362	2 266	2 223	2 214	2 210
Deposits for investment and ship purchase	3 362	2 266	2 223	2 214	2 210
Other liabilities	4 399	208	203	203	204
Accrued items	4 242	-	-	-	-
Other liabilities	156	208	203	203	204
Valuation account and reserves	4 642	7 719	7 981	8 178	8 346
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
S2 Profit/loss for the accounting year	-	-	-	-	-
Total	65 509	57 867	56 894	56 172	56 253

1.2 TIME SERIES FOR THE BALANCE SHEET ITEMS OF THE BANK OF FINLAND,

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net claims (10-11)
	1	2	3	4	5	6	7	8	9	10	11	12
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	-775
1989	2 179	966	950	18 780	22 875	-564	22 312	440	22 752	1 137	5 325	-4 188
1990	2 180	791	783	33 451	37 205	-882	36 324	-364	35 960	1 314	1 321	-7
1991	2 180	932	1 136	29 336	33 584	33	33 616	-412	33 204	1 375	3	1 372
1992	2 180	564	1 732	24 940	29 416	-	29 416	-2 897	26 519	2 446	90	2 356
1992												
Sept.	2 180	1 001	1 328	22 470	26 979	-7	26 970	-11 206	15 764	8 480	38	8 442
Oct.	2 180	1 025	1 360	29 610	34 175	-	34 175	-11 797	22 378	8 507	51	8 456
Nov.	2 180	552	1 908	33 474	38 114	-	38 114	-2 858	35 256	1 466	6 173	-4 707
Dec.	2 180	564	1 732	24 940	29 416	-	29 416	-2 897	26 519	2 446	90	2 356
1993												
Jan.	2 180	595	1 829	27 247	31 851	-	31 852	-661	31 191	2 449	92	2 357
Feb.	2 180	655	1 972	23 778	28 585	-	28 585	-710	27 875	2 121	90	2 031
March	2 180	655	1 974	22 521	27 330	-	27 330	-716	26 614	1 954	102	1 852
April	2 180	615	1 842	29 986	34 623	-	34 624	-678	33 946	2 639	59	2 580
May	2 180	634	1 819	29 778	34 411	-	34 410	-692	33 718	2 416	64	2 352
June	2 180	650	1 866	32 156	36 852	-	36 851	-699	36 152	1 396	591	805
July	2 180	661	1 899	30 157	34 897	-	34 898	-681	34 217	1 396	150	1 246
Aug.	2 180	680	1 927	26 834	31 621	-	31 621	-707	30 914	1 412	149	1 263
Sept.	2 180	675	1 869	22 134	26 858	-	26 858	-704	26 154	1 444	149	1 295

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Liquidity position of deposit banks, net ¹	Minimum reserve deposits of deposit banks ²	Till-money credits to deposit banks	Other claims on financial institutions, net	Net claims (13+14+15+16+17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19+20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1988	7 187	335	-19 039	2 920	3 733	-4 864	2 823	-6 579	-3 756	11 550	1 130
1989	33 230	-531	-25 506	3 310	2 248	12 751	2 000	-10 604	-8 604	13 129	-
1990	9 411	-418	-17 401	3 427	2 317	-2 664	1 477	-9 724	-8 247	14 555	-
1991	11 882	-2 206	-10 361	3 528	2 003	4 846	1 086	-6 854	-5 768	14 528	8 880
1992	3 738	-550	-13 165	2 872	1 700	-5 405	747	-2 651	-1 904	14 508	4 880
1992											
Sept.	13 354	-811	-9 762	3 450	1 758	7 989	832	-3 412	-2 580	13 459	13 720
Oct.	5 520	-219	-10 421	3 432	1 748	60	807	-3 315	-2 508	13 493	12 540
Nov.	9 211	1 875	-11 900	2 778	1 737	3 701	787	-3 238	-2 451	14 062	14 885
Dec.	3 738	-550	-13 165	2 872	1 700	-5 405	747	-2 651	-1 904	14 508	4 880
1993											
Jan.	6 804	-3 732	-14 734	3 023	1 665	-6 974	728	-2 072	-1 344	14 906	6 710
Feb.	7 448	-690	-14 806	3 511	1 639	-2 898	710	-1 915	-1 205	13 840	7 220
March	8 069	142	-14 698	2 994	1 626	-1 867	686	-1 808	-1 122	13 720	10 270
April	2 688	-815	-14 599	2 747	1 608	-8 371	662	-1 744	-1 082	13 834	13 490
May	5 359	-3 395	-11 790	2 750	1 591	-5 485	643	392	1 035	13 870	16 190
June	4 275	945	-	-	1 556	6 776	608	428	1 036	13 864	28 367
July	4 763	75	-6 262	-	1 488	64	592	475	1 067	13 553	18 956
Aug.	6 953	408	-6 310	-	1 459	2 510	575	524	1 099	13 297	18 259
Sept.	6 474	1 764	-6 338	-	1 470	3 370	555	597	1 152	13 317	13 615

¹ Call money claims on deposit banks, net, until 2 July 1992.

² Cash reserve deposits prior to 1 July 1993.

2. THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION

2.1 BANKS' LIQUIDITY POSITION AT THE BANK OF FINLAND,

MILL. FIM

Average of daily observations	Call money deposits	Liquidity credits ¹	Liquidity position, net ¹ (1-2)
1988	621	127	494
1989	416	369	47
1990	806	132	674
1991	881	985	-103
1992	2 103	437	1 666
1992			
Sept.	3 974	1 687	2 287
Oct.	2 191	876	1 314
Nov.	1 512	296	1 215
Dec.	1 193	640	553
1993			
Jan.	1 511	594	917
Feb.	1 305	23	1 282
March	416	1 008	-592
April	629	390	239
May	763	186	577
June	1 032	387	645
July	981	518	462
Aug.	581	311	270
Sept.	482	480	2

¹ Call money credits and call money position until 2 July 1992.

2.2 THE BANK OF FINLAND'S MINIMUM RESERVE SYSTEM²

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM Total
	On liquid deposits, %	On other deposits, %	On domestic debt capital, %		
	1	2	3	4	5
1988	.	.	.	7.6	19 039
1989	.	.	.	9.1	25 506
1990	.	.	.	7.0	17 401
1991	.	.	.	4.0	10 361
1992	.	.	.	5.0	13 165
1992					
Sept.	.	.	.	3.7	9 762
Oct.	.	.	.	4.0	10 421
Nov.	.	.	.	4.5	11 900
Dec.	.	.	.	5.0	13 165
1993					
Jan.	.	.	.	5.5	14 734
Feb.	.	.	.	5.5	14 806
March	.	.	.	5.5	14 698
April	.	.	.	5.5	14 599
May	.	.	.	4.5	11 790
June	.	.	.	-	.
July	2.0	1.5	1.0	.	6 262
Aug.	2.0	1.5	1.0	.	6 310
Sept.	2.0	1.5	1.0	.	6 338

² Cash reserve system prior to 1 July 1993

2.3 THE BANK OF FINLAND'S MONEY MARKET TRANSACTIONS, MILL. FIM

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1988	13 840	19 190	-16 850	11 500
1989	131 110	3 855	99 245	28 010
1990	163 326	26 379	160 797	-23 850
1991	109 568	30 380	81 969	-2 781
1992	76 230	137 940	-60 417	-1 293
1992				
Sept.	4 300	19 920	-5 930	-9 690
Oct.	1 760	10 740	-2 060	-6 920
Nov.	8 030	7 570	-2 420	2 880
Dec.	12 070	5 680	-2 560	8 950
1993				
Jan.	5 490	5 400	3 890	-3 800
Feb.	6 500	8 340	-260	-1 580
March	10 470	12 750	660	-2 940
April	5 870	11 310	1 450	-6 890
May	4 250	21 140	-775	-16 115
June	4 041	22 169	-19 911	1 783
July	7 070	12 260	-18 300	13 110
Aug.	7 240	14 950	-10 660	2 950
Sept.	7 920	7 720	-6 920	7 120

2.4 THE BANK OF FINLAND'S TRANSACTIONS IN CONVERTIBLE CURRENCIES, MILL. FIM

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	-69 940	-14 820	12 820	12 260
1992	20 870	-70 640	-1 650	390	45 060
1992					
Aug.	110	-17 700	-6 110	6 350	3 170
Sept.	-	-20 880	-14 860	11 610	2 800
Oct.	5 870	-	670	-2 210	3 510
Nov.	4 530	-	6 190	-6 610	13 020
Dec.	-	-2 990	5 100	-5 710	-1 200
1993					
Jan.	-	-9 390	-440	-580	12 660
Feb.	-	-8 830	3 600	-2 000	7 870
March	-	-7 470	-3 920	4 030	2 690
April	3 610	-3 010	4 510	-1 650	10 820
May	5 220	-2 090	2 410	-2 300	660
June	6 040	-1 010	1 220	-1 600	-1 690
July	960	-8 360	-4 800	4 520	-820
Aug.	510	-3 580	960	-810	-420

2.5 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
1	2	3	4	5	6	
1988	16 488	1 543	14 946	9 086	-377	23 654
1989	10 531	3 563	6 967	8 031	205	15 204
1990	11 609	4 979	6 631	10 100	-6 098	10 633
1991	33 004	36 352	-3 348	2 550	8 953	8 155
1992	39 195	32 939	6 256	-11 197	7 133	2 192
1992						
Aug.	25 399	34 767	-9 368	421	7 933	-1 014
Sept.	34 168	45 232	-11 065	-9 827	20 158	-734
Oct.	37 048	38 820	-1 771	-10 681	17 921	5 469
Nov.	40 986	35 550	5 436	-11 623	11 617	5 430
Dec.	39 195	32 939	6 256	-11 197	7 133	2 192
1993						
Jan.	35 125	32 711	2 414	-9 056	6 433	-209
Feb.	33 968	32 896	1 072	-8 308	2 585	-4 651
March	33 115	34 059	-944	-10 187	9 815	-1 316
April	36 298	33 616	2 682	-11 158	7 460	-1 016
May	36 027	31 763	4 264	-6 992	4 144	1 416
June	36 401	26 908	9 493	-5 785	2 204	5 912
July	34 287	26 687	7 600	-13 932	6 718	386
Aug.	32 677	26 607	6 070	-10 840	5 912	1 142

3. RATES OF INTEREST

3.1 MONEY MARKET RATES AND RATES APPLIED BY THE BANK OF FINLAND, PER CENT

	Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates		
			1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8	
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50	
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17	
1992									
Sept.	16.65	17.79	16.41	15.29	14.71	19.15	13.43	9.50	
Oct.	12.23	13.34	13.37	13.32	13.39	14.69	8.96	9.50	
Nov.	10.66	11.04	11.50	11.63	11.72	12.03	8.03	9.50	
Dec.	10.20	10.55	10.68	10.70	10.70	11.69	7.69	9.50	
1993									
Jan.	10.20	10.53	10.64	10.63	10.57	11.49	7.49	8.50	
Feb.	8.47	9.16	9.19	9.22	9.30	10.34	6.34	8.00	
March	9.13	8.99	8.90	8.69	8.62	9.96	5.96	7.50	
April	8.93	8.85	8.73	8.57	8.44	9.85	5.85	7.50	
May	8.48	8.41	8.25	8.14	7.97	9.42	5.42	7.26	
June	7.77	7.70	7.62	7.57	7.55	8.72	4.72	7.00	
July	7.45	7.31	7.27	7.22	7.12	8.31	4.31	6.73	
Aug.	6.18	6.70	6.65	6.56	6.52	7.74	3.74	6.24	
Sept.	6.35	6.81	6.68	6.49	6.29	7.76	3.76	6.00	

¹ Call money credit rate until 2 July 1992.

3.2 THE BANK OF FINLAND'S LIQUIDITY FACILITY

	The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-margin
	1	2	3	4
1992				
Sept.	18.15	Sept. +1.00	14	- 5.00
Oct.	13.69	Oct. +1.00	7	- 3.00
Nov.	11.03	Nov. +1.00	7	- 3.00
Dec.	10.69	Dec. +1.00	7	- 3.00
1993				
Jan.	10.49	Jan. +1.00	7	- 3.00
Feb.	9.34	Feb. +1.00	7	- 3.00
March	8.96	March +1.00	7	- 3.00
April	8.85	April +1.00	7	- 3.00
May	8.42	May +1.00	7	- 3.00
June	7.72	June +1.00	7	- 3.00
July	7.31	July +1.00	7	- 3.00
Aug.	6.74	Aug. +1.00	7	- 3.00
Sept.	6.76	Sept. +1.00	7	- 3.00
01.09.1993	6.55			
02.09.1993	6.63			
07.09.1993	6.74			
20.09.1993	6.75			
23.09.1993	6.87			
30.09.1993	6.99			

3.3 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
1988	6.9	6.0	6.9
1989	9.3	8.4	9.3
1990	10.5	9.1	10.4
1991	10.1	8.5	9.9
1992	10.4	7.8	10.6
1992			
Sept.	11.0	7.5	11.6
Oct.	10.3	7.2	11.1
Nov.	9.9	7.3	10.4
Dec.	10.3	7.2	10.9
1993			
Jan.	9.9	6.8	10.1
Feb.	9.9	6.6	9.6
March	9.3	6.4	9.2
April	8.6	6.3	8.9
May	7.9	6.1	7.9
June	7.6	6.1	7.5
July	7.7	5.9	7.8
Aug.	7.5	5.5	7.7
Sept.	7.4	5.5	7.7

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	36-month tax-exempt deposits ¹	Other tax-exempt deposits, max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
1988	10.22	12.27	10.50	10.72	9.88	9.74	8.00	.	3.75	5.24	9.80	6.20
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	.	4.50	5.67	11.92	7.37
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
1992	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
1992												
Aug.	16.21	16.56	14.33	14.81	12.81	12.52	7.50	.	4.50	7.71	13.64	9.68
Sept.	16.56	16.94	14.52	15.00	13.01	12.72	7.50	8.50	4.50	7.80	14.39	10.03
Oct.	16.70	16.29	13.76	14.29	12.87	12.43	7.50	8.50	4.50	7.66	13.11	9.41
Nov.	14.18	15.74	13.10	13.47	12.70	12.26	7.50	8.50	4.50	7.41	12.26	8.99
Dec.	12.63	14.99	11.64	11.98	12.34	11.93	7.50	8.50	4.50	7.06	11.78	8.62
1993												
Jan.	11.87	15.36	12.32	12.53	11.89	11.68	6.50	7.50	4.50	6.56	11.18	8.04
Feb.	12.07	14.78	11.34	11.68	11.33	11.15	5.50	6.50	4.50	6.05	10.51	7.53
March	11.35	14.50	10.93	11.29	11.07	10.84	5.50	6.50	4.50	5.87	10.04	7.30
April	10.82	14.23	10.29	10.60	10.89	10.62	5.50	6.50	4.50	5.74	9.72	7.11
May	9.78	14.23	10.13	10.40	10.56	10.27	5.00	6.00	2.50	4.90	9.42	6.43
June	5.59	13.88	9.51	9.44	10.35	10.06	5.00	6.00	2.50	4.75	9.08	6.18
July	10.45	13.04	8.99	9.47	10.01	9.73	4.50	5.50	2.50	4.50	8.64	5.88
Aug.	10.67	13.20	8.79	9.25	9.58	9.26	4.00	5.00	2.50	4.10	8.09	5.44

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Reference rates calculated by the Bank of Finland		Taxable government bonds		Taxable public issues	Taxfree public issues
	3 years	5 years	5 years	10 years		
	1	2	3	4	5	6
1988	10.7	10.8	10.6	.	10.6	7.8
1989	12.2	12.0	12.1	.	11.9	8.1
1990	13.7	13.5	13.2	.	13.3	9.2
1991	12.3	12.2	11.9	.	12.6	10.0
1992	13.1	13.0	12.1	11.5 ¹	13.8	9.9
1992						
Aug.	14.3	14.0	12.8	.	14.5	10.4
Sept.	15.0	14.7	13.3	.	15.3	10.1
Oct.	14.3	14.2	13.0	.	15.3	9.9
Nov.	12.8	12.9	12.0	12.0	14.7	9.4
Dec.	11.7	11.8	10.9	11.0	13.2	9.5
1993						
Jan.	11.4	11.6	10.7	10.9	12.2	8.6
Feb.	10.5	10.7	9.9	10.3	12.1	8.0
March	9.7	10.0	9.4	9.9	11.4	7.6
April	9.6	10.0	9.3	9.8	11.0	7.8
May	9.2	9.6	8.9	9.5	11.0	6.7
June	8.8	9.2	8.4	9.0	9.3	6.7
July	8.2	8.7	8.0	8.5	11.1	6.3
Aug.	7.4	7.9	7.2	7.7	9.2	5.9

¹ November and December only.

4. RATES OF EXCHANGE

4.1 MIDDLE RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt aM	Amsterdam	Brussels	Zurich	Paris
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
1988	4.187	3.405	7.446	6.377	0.6829	0.6424	0.6220	2.3842	2.1185	0.11390	2.8631	0.7029
1989	4.290	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.10890	2.6243	0.6725
1990	3.823	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.11447	2.7576	0.7024
1991	4.046	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.11841	2.8208	0.7169
1992	4.483	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.13973	3.2000	0.8486
1992												
Sept.	4.439	3.635	8.209	8.066	0.8271	0.7653	0.7904	3.0602	2.7170	0.14848	3.4724	0.8993
Oct.	4.695	3.771	7.791	8.340	0.8410	0.7774	0.8218	3.1725	2.8180	0.15398	3.5775	0.9350
Nov.	5.048	3.982	7.714	8.394	0.8140	0.7805	0.8263	3.1812	2.8281	0.15465	3.5330	0.9404
Dec.	5.136	4.034	7.969	8.570	0.7457	0.7710	0.8395	3.2477	2.8890	0.15784	3.6137	0.9526
1993												
Jan.	5.419	4.242	8.304	8.863	0.7475	0.7885	0.8699	3.3561	2.9850	0.16307	3.6685	0.9899
Feb.	5.830	4.622	8.387	8.641	0.7747	0.8352	0.9247	3.5526	3.1565	0.17228	3.8416	1.0488
March	5.972	4.790	8.716	8.810	0.7720	0.8527	0.9441	3.6258	3.2254	0.17604	3.9274	1.0673
April	5.597	4.435	8.646	8.551	0.7519	0.8268	0.9131	3.5076	3.1212	0.17038	3.8346	1.0371
May	5.479	4.317	8.493	8.321	0.7484	0.8067	0.8888	3.4137	3.0432	0.16604	3.7865	1.0126
June	5.549	4.339	8.394	8.212	0.7489	0.7961	0.8793	3.3664	3.0017	0.16381	3.7713	1.0001
July	5.778	4.506	8.638	8.150	0.7262	0.7906	0.8698	3.3682	2.9954	0.16313	3.8123	0.9897
Aug.	5.831	4.462	8.699	8.110	0.7237	0.7915	0.8429	3.4363	3.0540	0.16183	3.8905	0.9818
Sept.	5.783	4.379	8.813	8.295	0.7219	0.8168	0.8707	3.5637	3.1734	0.16601	4.0737	1.0188

Average of daily quotations	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tullin	Tokyo	Melbourne	ECU Commercial	SDR
	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1988	0.00322	0.3391	0.0291	0.0980	0.0359	..	..	0.03266	3.288	4.944	5.61826
1989	0.00313	0.3242	0.0273	0.0758	0.0362	..	..	0.03116	3.398	4.719	5.49375
1990	0.00319	0.3363	0.0268	0.0656	0.0375	..	..	0.02647	2.988	4.864	5.18345
1991	0.00326	0.3464	0.0280	0.0684	0.0389	0.0224	..	0.03008	3.152	5.003	5.53082
1992	0.00364	0.4088	0.0332	0.0778	0.0438	0.0235	0.4060	0.03546	3.289	5.798	6.31247
1992											
Sept.	0.00380	0.4346	0.0348	0.0819	0.0455	0.0244	..	0.03620	3.208	6.092	6.46534
Oct.	0.00358	0.4509	0.0356	0.0838	0.0446	0.0243	..	0.03876	3.359	6.197	6.73373
Nov.	0.00370	0.4522	0.0357	0.0840	0.0444	0.0244	..	0.04075	3.483	6.247	7.00171
Dec.	0.00364	0.4615	0.0362	0.0817	0.0455	0.0246	0.4060	0.04141	3.542	6.359	7.13363
1993											
Jan.	0.00364	0.4771	0.0373	0.0849	0.0473	0.0251	0.4195	0.04333	3.652	6.576	7.46369
Feb.	0.00377	0.5049	0.0390	0.0898	0.0497	0.0267	0.4441	0.04824	3.970	6.904	7.99711
March	0.00375	0.5153	0.0392	0.0918	0.0507	0.0270	0.4532	0.05103	4.225	7.034	8.24353
April	0.00364	0.4985	0.0378	0.0886	0.0484	0.0256	0.4384	0.04982	3.985	6.830	7.90874
May	0.00371	0.4851	0.0362	0.0868	0.0453	0.0250	0.4267	0.04970	3.826	6.672	7.76351
June	0.00370	0.4784	0.0354	0.0858	0.0438	0.0249	0.4208	0.05172	3.747	6.582	7.82674
July	0.00365	0.4786	0.0345	0.0806	0.0430	0.0248	0.4210	0.05365	3.913	6.564	8.03185
Aug.	0.00363	0.4884	0.0336	0.0813	0.0420	0.0245	0.4295	0.05621	3.957	6.555	8.17177
Sept.	0.00369	0.5064	0.0348	0.0833	0.0442	0.0250	0.4455	0.05485	3.772	6.771	8.20308

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100		
		Trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4
1988	4.96108	102.0	101.7	104.7
1989	4.73670	98.4	99.1	102.8
1990	4.85697	97.3	96.8	97.3
1991	5.00580	101.4	101.4	102.8
1992	5.80140	116.4	115.7	117.3
1992				
Sept.	6.13433	122.6	120.0	120.8
Oct.	6.22713	124.6	123.6	125.3
Nov.	6.25533	125.2	126.2	129.2
Dec.	6.36242	125.0	126.8	129.8
1993				
Jan.	6.57212	128.9	131.3	134.7
Feb.	6.89952	135.6	138.8	143.9
March	7.03656	138.2	141.6	147.4
April	6.83031	134.0	136.2	141.6
May	6.67350	131.7	133.5	139.3
June	6.58470	130.9	133.2	140.1
July	6.57241	131.0	134.6	142.2
Aug.	6.60127	131.9	135.7	143.9
Sept.	6.81414	134.5	137.6	144.7

5. OTHER DOMESTIC FINANCING

5.1 BANK FUNDING FROM THE PUBLIC, MILL. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1988	25 473	76 958	121 670		224 102	4 643	228 745	28 844	257 589
1989	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
1990	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1992									
July	32 419	83 953	122 788	18 003	257 163	10 665	267 828	62 293	330 121
Aug.	33 067	83 283	122 056	17 976	256 381	11 525	267 906	60 054	327 961
Sept.	30 779	82 078	120 918	18 662	252 436	15 698	268 134	61 377	329 510
Oct.	34 447	82 734	119 726	19 659	256 566	15 429	271 995	59 666	331 661
Nov.	34 675	82 763	118 536	19 613	255 587	14 807	270 394	61 800	332 194
Dec.	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993									
Jan.	36 386	90 643	112 861	21 500	261 390	15 643	277 033	62 732	339 766
Feb.	34 514	90 871	111 873	21 643	258 901	16 995	275 896	67 225	343 122
March	36 713	88 594	110 246	21 576	257 130	16 498	273 627	67 271	340 898
April	34 626	88 277	109 522	21 839	254 264	15 708	269 972	64 776	334 747
May	36 856	86 814	108 988	22 119	254 776	14 521	269 297	67 714 ^r	337 011
June	36 554	87 629	108 571	22 615	255 368	13 402	268 770	67 806	336 576
July	35 787	87 997	107 557	23 582	254 924	15 616	270 540	63 737	334 277

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1988	11 358	5 920	234 268	251 545	50 235	301 780
1989	15 270	5 650	257 768	278 688	73 176	351 864
1990	19 152	5 777	260 790	285 720	103 134	388 853
1991	18 037	4 712	262 859	285 609	107 714	393 323
1992	16 045	3 335	252 163	271 544	95 168	366 712
1992						
July	16 959	3 848	257 777	278 583	95 334	373 917
Aug.	17 249	3 719	256 976	277 944	92 605	370 550
Sept.	17 366	3 610	256 359	277 335	103 654	380 989
Oct.	16 738	3 538	255 133	275 409	100 976	376 385
Nov.	16 545	3 449	254 411	274 405	101 162	375 567
Dec.	16 045	3 335	252 163	271 544	95 168	366 712
1993						
Jan.	15 948	3 017	251 227	270 192	96 543	366 735
Feb.	16 086	2 944	251 618	270 647	97 973	368 621
March	15 718	2 894	251 528	270 140	95 576	365 717
April	15 326	2 891	251 556	269 774	88 604	358 378
May	15 198	2 848	251 553	269 599	85 075	354 675
June	15 221 ^r	2 812	251 305	269 339	83 482	352 821
July	15 245	2 858	251 610	269 713	82 922	352 635

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1988	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
1989	-59 049	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
1990	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1991	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
1992*	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
1992*								
Aug.	-65 517	-1 835	456 178	454 342	-118 708	126 771	270 118	311 644
Sept.	-70 526	4 256	454 777	459 032	-122 318	123 157	266 188	307 307
Oct.	-66 406	5 737	451 432	457 170	-119 914	128 012	270 850	313 340
Nov.	-65 532	-8 253	448 726	440 473	-105 066	128 610	269 875	312 343
Dec.	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
1993*								
Jan.	-58 784	-103	441 263	441 160	-106 350	138 722	276 026	315 321
Feb.	-55 354	-997	443 883	442 886	-114 185	136 779	273 346	307 399
March	-52 886	-162	445 947	445 785	-121 904	135 990	270 994	311 305
April	-41 746	271	431 871	432 142	-121 662	134 069	268 734	308 513
May	-39 870	687	430 307	430 993	-121 897	134 801	269 227	307 799
June	-38 803	41	429 134	429 175	-120 187	135 602	270 184	307 449
July	-34 515	740	430 774	431 514	-127 404	135 157	269 594	309 002
Aug.	..	..	..	..	..	135 957	268 974	311 971

5.4 LIABILITIES AND ASSETS OF THE CENTRAL GOVERNMENT, MILL. FIM

End of period	Foreign currency-denominated debt				Markka-denominated debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	41 011	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	43 499	21 248
1990	20 917	732	3 144	24 793	23 982	8 263	-	32 245	57 038	48 121	23 114
1991	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 165	15 956
1992	100 244	3 669	2 474	106 387	40 578	13 555	14 762	68 895	175 282	61 671	19 781
1992											
Aug.	66 790	3 050	1 630	71 470	34 862	11 460	11 901	58 223	129 693	60 172	20 510
Sept.	79 848	3 579	2 209	85 636	36 152	11 460	12 193	59 805	145 441	60 940	21 269
Oct.	84 008	3 599	2 549	90 156	37 427	11 460	14 533	63 420	153 576	61 672	22 952
Nov.	85 971	3 704	2 599	92 274	38 928	11 460	14 716	65 104	157 378	61 743	22 448
Dec.	100 244	3 669	2 474	106 387	40 578	13 555	14 762	68 895	175 282	61 671 ^r	19 781
1993											
Jan.	116 428	7 343	2 607	126 378	41 597	13 555	16 900	72 052	198 430	62 268 ^r	22 958
Feb.	130 937	8 155	4 440	143 532	44 537	13 598	20 397	78 532	222 064	62 742 ^r	16 444
March	135 192	8 185	4 422	147 799	47 824	13 593	22 315	83 732	231 531	63 632 ^r	39 402
April	139 909	7 834	4 221	151 964	49 146	12 897	22 570	84 613	236 577	64 197 ^r	45 211
May	139 488	8 701	4 209	152 398	51 126	12 771	22 014	85 911	238 309	64 292 ^r	43 522
June	139 102	9 018	4 263	152 383	57 718	12 770	22 126	92 614	244 997	64 436 ^r	43 203
July	142 159	9 510	4 409	156 078	59 997	12 769	21 459	94 225	250 303	64 796 ^r	40 718
Aug.	143 148	9 457	4 411	157 016	63 086	15 355	23 460	101 901	258 917	..	45 091

S11

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
1991	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
1992*	6 984	15 043	12 965	2 674	4	23 858	-	13 812	37 671
1992*									
Aug.	18	1 445	175	20	-	1 620	-	38	1 657
Sept.	2	964	190	77	-	231	-	1 002	1 233
Oct.	1 371	692	2 966	208	-	3 307	-	1 930	5 237
Nov.	140	1 478	430	120	-	1 918	-	250	2 168
Dec.	1 065	4 559	-	600	-	2 178	-	4 046	6 224
1993*									
Jan.	624	592	1 766	276	-	2 318	-	940	3 258
Feb.	471	843	3 480	283	-	4 425	-	652	5 078
March	871	657	3 944	656	13	4 991	-	1 149	6 140
April	504	224	1 835	89	-	2 143	-	509	2 652
May	3 281	1 262	2 761	407	-	4 257	-	3 454	7 711
June	3 132	855	6 658	157	-	7 356	-	3 446	10 802
July	510	165	2 286	-	-	2 451	-	510	2 961
Aug.	465	898	1 500	60	-	2 908	-	15	2 923

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1988	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
1989	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992*	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
1992*									
II	26 383	80 295	37 744	4 306	3 721	83 427	15 314	53 707	152 449
III	26 079	80 658	39 579	4 457	3 720	86 058	14 329	54 106	154 493
IV	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
1993*									
I	27 751	81 343	51 244	6 092	3 030	97 679	12 097	59 684	169 460
II	33 614	79 950	60 316	6 618	2 369	107 775	11 558	63 534	182 867

C) TURNOVER, MILL. FIM

During period	Interbank	Between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
1988	..	..	.	.	.
1989	6 500	9 660	.	.	.
1990	5 401	6 058	.	.	.
1991	3 343	29 134	.	.	.
1992	18 221	58 594	10 744	12 156	13 354
1992					
Sept.	3 272	7 360	2 930	2 566	2 218
Oct.	1 918	8 934	1 600	2 059	3 171
Nov.	1 481	8 642	1 270	2 469	3 201
Dec.	1 460	8 073	1 370	2 932	2 966
1993					
Jan.	2 566	10 760	2 350	3 889	4 923
Feb.	2 762	14 290	2 690	4 909	7 933
March	3 760	15 481	3 400	5 482	8 300
April	2 073	12 289	1 840	4 409	7 048
May	2 165	14 069	2 114	4 977	8 328
June	2 539	21 079	2 115	5 810	7 307
July	4 886	18 701	4 725	7 990	10 211
Aug.	4 426	20 776	4 387	9 812	10 579
Sept.	5 364	24 405	5 124	11 436	12 459

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover ¹ , mill. FIM		
	HEX index (28 Dec., 1990=1000)									Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry								
		Re-stricted	Non-re-stricted	Banks and finance	Insurance and investment	Manufacturing	Of which:					
	1	2	3	4	5	6	7	8	9	10	11	12
1988	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	31 734	5 718	37 452
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	33 160	7 375	40 536
1990	1 332	1 324	1 393	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
1991	962	949	1 062	901	898	1 003	1 075	1 076	1 020	6 339	1 315	7 655
1992	772	759	868	425	467	942	1 123	1 206	890	10 277	15 377	25 654
1992												
Sept.	576	564	667	205	250	750	944	1 085	653	614	1 449	2 062
Oct.	651	637	747	227	289	852	1 017	1 184	791	1 233	2 208	3 441
Nov.	809	796	905	344	429	1 033	1 184	1 311	1 012	1 474	2 562	4 037
Dec.	845	829	959	329	424	1 096	1 203	1 296	1 127	2 521	6 543	9 064
1993												
Jan.	875	.	.	314	422	1 143	1 158	1 331	1 214	1 803	4 114	5 917
Feb.	913	.	.	348	449	1 187	1 246	1 378	1 250	2 268	4 461	6 730
March	994	.	.	429	483	1 295	1 437	1 417	1 371	3 019	5 354	8 374
April	1 091	.	.	464	551	1 419	1 478	1 566	1 535	3 019	3 260	6 279
May	1 200	.	.	575	602	1 542	1 637	1 748	1 644	4 451	4 805	9 257
June	1 132	.	.	508	600	1 461	1 569	1 597	1 570	1 906	4 118	6 024
July	1 241	.	.	579	631	1 618	1 720	1 659	1 808	2 810	2 855	5 665
Aug.	1 410	.	.	830	813	1 782	1 954	1 893	1 944	6 081	4 509	10 589
Sept.	1 378	.	.	790	788	1 745	1 887	1 860	1 913	4 689	6 036	10 725

¹ During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, feb	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, dif	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1988	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390
1989	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
1990	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503
1991	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
1992*	105 732	8 602	6 089	7 640	22 331	128 063	5 519	5 920	139 501	93 561	4 305	10 962	13 369
1991													
I	21 947	1 759	915	1 462	4 136	26 084	3 022	1 289	30 395	22 015	968	2 592	2 833
II	21 204	1 850	1 256	1 282	4 389	25 593	2 376	1 421	29 391	20 895	1 019	2 583	2 599
III	22 749	2 030	1 629	1 274	4 932	27 681	2 557	1 268	31 506	20 526	1 020	2 899	2 439
IV	25 199	1 869	1 244	1 618	4 731	29 931	2 047	1 359	33 337	22 912	967	3 014	3 139
1992*													
I	24 763	1 992	1 159	1 679	4 830	29 593	2 119	1 367	33 078	22 781	986	2 725	3 422
II	26 431	2 140	1 493	1 659	5 291	31 722	1 109	1 374	34 205	24 259	1 048	2 813	3 039
III	24 799	2 316	1 958	1 900	6 174	30 973	1 018	1 480	33 470	20 757	1 108	2 853	3 242
IV	29 740	2 154	1 480	2 402	6 036	35 776	1 273	1 699	38 748	25 764	1 163	2 572	3 666
1993*													
I	30 489	2 225	1 269	2 628	6 122	36 610	3 015	1 654	41 280	25 592	1 138	2 310	4 392
II	32 863	2 465	1 639	2 223	6 326	39 189	2 413	1 987	43 590	24 912	1 113	2 136	3 866

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure (15+16+17)	Transfers and other expenditure (17-16)	Current Trade account (1-10)	Trade account (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26) (9-18)	
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1988	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
1989	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
1990	24 632	126 599	26 973	8 967	162 540	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
1991	26 074	112 421	28 674	10 529	151 624	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-5 192	-26 996
1992*	28 636	122 197	30 390	10 347	162 934	12 171	4 297	-4 873	-5 729	-6 305	5 866	-24 871	-4 428	-23 432
1991														
I	6 394	28 408	7 642	3 020	39 070	-67	791	-1 677	-1 371	-2 257	-2 325	-4 620	-1 731	-8 676
II	6 201	27 096	7 805	2 259	37 161	309	831	-1 326	-1 317	-1 812	-1 503	-5 429	-838	-7 771
III	6 358	26 884	6 716	2 524	36 124	2 223	1 010	-1 270	-1 165	-1 425	797	-4 159	-1 257	-4 618
IV	7 121	30 033	6 510	2 725	39 268	2 288	902	-1 770	-1 521	-2 389	-102	-4 463	-1 367	-5 931
1992*														
I	7 133	29 914	8 456	3 124	41 494	1 981	1 006	-1 566	-1 743	-2 302	-321	-6 337	-1 758	-8 416
II	6 899	31 159	7 408	2 381	40 947	2 172	1 092	-1 320	-1 380	-1 608	563	-6 299	-1 007	-6 742
III	7 203	27 960	6 774	2 402	37 136	4 042	1 208	-895	-1 342	-1 029	3 013	-5 756	-922	-3 666
IV	7 400	33 164	7 752	2 440	43 356	3 976	991	-1 092	-1 264	-1 365	2 611	-6 478	-741	-4 608
1993*														
I	7 839	33 431	10 387	3 083	46 901	4 897	1 087	-1 041	-1 763	-1 718	3 179	-7 372	-1 429	-5 621
II	7 115	32 027	10 610	2 657	45 294	7 951	1 352	-497	-1 643	-788	7 163	-8 197	-670	-1 704

6.2 CAPITAL ACCOUNT¹, MILL. FIM

During period	Imports of long-term capital					Exports of long-term capital					Long-term capital account (5-10)	Basic balance
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)		
	1	2	3	4	5	6	7	8	9	10	11	12
1988	2 218	14 355	3 062	85	19 720	10 919	1 248	3 931	292	16 390	3 331	-8 001
1989	2 095	14 756	8 608	79	25 538	13 327	180	5 323	273	19 103	6 435	-18 439
1990	3 010	22 656	19 674	169	45 509	12 471	577	-499	294	12 843	32 666	6 153
1991	-997	37 284	14 840	825	51 952	4 240	-372	1 052	101	5 022	46 931	19 935
1992*	1 007	36 623	5 951	479	44 060	2 869	317	3 461	304	6 951	37 109	13 677
1991												
I	116	7 881	3 994	-493	11 499	1 183	-16	184	165	1 516	9 983	1 308
II	99	16 050	4 888	585	21 621	1 155	-433	694	-19	1 397	20 224	12 453
III	-435	10 416	2 747	114	12 843	1 315	434	-522	-2	1 225	11 617	6 999
IV	-777	2 937	3 211	619	5 989	587	-356	697	-44	883	5 106	-825
1992*												
I	514	4 023	-160	795	5 172	1 238	182	621	273	2 313	2 859	-5 557
II	85	12 934	428	-261	13 186	-219	1 142	121	187	1 231	11 955	5 213
III	1	5 303	726	259	6 289	643	-882	1 117	182	1 060	5 229	1 563
IV	407	14 362	4 957	-314	19 412	1 207	-125	1 602	-337	2 347	17 066	12 458
1993*												
I	168	15 397	9 340	-384	24 521	1 659	2 981	-688	-105	3 847	20 674	15 053
II	942	17 168	1 653	-402	19 361	1 707	-967	-293	146	593	18 768	17 064

During period	Imports of short-term capital				Exports of short-term capital				Errors and omissions	Short-term capital account (16-20+21)	Overall balance excl. reserve movements (12+22)	Change in central bank's foreign exchange reserves
	Short-term capital imports of authorized banks	Trade credits	Other short-term capital	Total (13+14+15)	Short-term capital exports of authorized banks	Trade credits	Other short-term capital	Total (17+18+19)				
	13	14	15	16	17	18	19	20	21	22	23	24
1988	10 950	-399	-811	9 740	2 331	644	1 995	4 971	3 415	8 183	183	-183
1989	4 285	1 627	3 679	9 592	1 462	475	710	2 647	5 533	12 478	-5 961	5 961
1990	16 258	1 119	-1 357	16 020	-2 290	-1 254	1 244	-2 300	-9 381	8 939	15 092	-15 092
1991	-13 436	399	-1 301	-14 338	6 261	882	3 285	10 427	-1 574	-26 339	-6 404	6 404
1992*	-29 022	7 757	10 660	-10 606	-567	4 115	6 597	10 145	-2 175	-22 926	-9 249	9 249
1991												
I	18 274	-1 105	2 367	19 536	22 472	-628	3 978	25 821	1 876	-4 410	-3 102	3 102
II	-10 919	-68	-605	-11 592	515	-495	1 970	1 990	-1 092	-14 674	-2 221	2 221
III	-16 407	340	-583	-16 650	-3 091	1 027	1 869	-195	2 550	-13 905	-6 905	6 905
IV	-4 383	1 232	-2 481	-5 632	-13 635	977	-4 531	-17 189	-4 908	6 649	5 824	-5 824
1992*												
I	-2 542	458	3 694	1 610	-4 134	1 005	1 723	-1 405	901	3 916	-1 641	1 641
II	-9 587	3 971	433	-5 184	-1 612	1 165	-3 403	-3 850	-4 928	-6 262	-1 049	1 049
III	-11 212	1 163	12 280	2 230	6 064	222	176	6 461	-3 497	-7 729	-6 165	6 165
IV	-5 681	2 165	-5 747	-9 263	-885	1 723	8 100	8 938	5 350	-12 851	-394	394
1993*												
I	-3 202	291	-5 985	-8 897	14 868	1 442	-1 311	14 999	3 149	-20 747	-5 694	5 694
II	-5 363	2 278	-463	-3 548	-2 909	1 797	402	-711	-3 522	-6 359	10 706	-10 706

¹ Capital account data are based on surveys as from the beginning of 1991. The resulting figures conform more closely to the IMF's recommendations.

6.3 FINLAND'S FOREIGN LIABILITIES AND ASSETS, MILL. FIM

End of period	Long-term liabilities					Long-term assets					Long-term debt, net (5-10)
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1988	12 673	68 957	33 117	915	115 662	24 199	8 223	19 417	2 484	54 323	61 339
1989	16 093	82 313	40 110	994	139 510	33 234	7 680	24 572	2 757	68 243	71 267
1990	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
1991	17 443	143 685	75 772	5 827	242 728	53 560	7 430	27 907	6 161	95 057	147 671
1992*	19 000	209 738	94 796	7 919	331 452	62 500	9 115	34 072	7 670	113 357	218 095
1991											
I	18 714	110 303	60 239	4 116	193 373	45 453	7 312	25 970	5 914	84 649	108 723
II	18 760	126 800	66 420	4 725	216 704	46 947	6 923	27 125	6 061	87 056	129 648
III	18 273	132 499	68 747	4 877	224 395	48 601	7 392	26 056	5 934	87 983	136 412
IV	17 443	143 685	75 772	5 827	242 728	53 560	7 430	27 907	6 161	95 057	147 671
1992*											
I	18 093	150 937	77 762	6 768	253 560	54 270	7 900	29 179	6 738	98 087	155 473
II	18 316	160 383	76 021	6 441	261 161	53 522	9 089	28 025	6 648	97 284	163 877
III	18 455	183 866	85 068	7 290	294 678	61 822	8 618	31 039	7 397	108 876	185 802
IV	19 000	209 738	94 796	7 919	331 452	62 500	9 115	34 072	7 670	113 357	218 095
1993*											
I	19 168	252 408	114 518	8 233	394 327	70 474	12 408	35 615	8 324	126 821	267 506
II	20 110	258 886	111 909	7 363	398 268	68 316	11 426	33 238	8 285	121 265	277 003

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits	Other short-term liabilities	Total (12+13+14+15)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits	Other short-term assets	Total (17+18+19+20)				
	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1988	3 341	83 828	11 070	9 039	107 278	32 037	32 108	16 041	4 789	84 975	22 303	83 642	7 933	6.5
1989	3 558	88 751	12 697	12 883	117 889	25 113	33 569	16 516	5 666	80 864	37 024	108 291	10 453	8.0
1990	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	13 130	9.7
1991	3 149	99 502	13 798	14 703	131 152	35 922	36 727	15 840	10 545	99 034	32 118	179 788	15 734	12.7
1992*	7 849	84 253	21 654	22 274	136 030	33 966	43 534	21 004	16 732	115 236	20 795	238 890	19 571	14.1
1991														
I	3 399	126 600	12 237	17 232	159 468	37 748	48 792	13 813	11 336	111 690	47 778	156 502	3 886	12.8
II	2 889	117 188	12 160	17 498	149 735	36 023	50 406	13 339	13 721	113 489	36 245	165 893	4 695	16.0
III	2 826	99 953	12 500	16 703	131 982	29 006	47 064	14 371	15 121	105 561	26 421	162 833	3 424	10.9
IV	3 149	99 502	13 798	14 703	131 152	35 922	36 727	15 840	10 545	99 034	32 118	179 788	3 729	11.2
1992*														
I	3 185	100 961	14 224	18 439	136 808	35 429	32 960	17 009	12 765	98 163	38 645	194 117	5 011	15.1
II	3 242	89 647	18 219	18 157	129 265	33 516	32 786	18 124	8 932	93 358	35 907	199 784	4 973	14.5
III	14 067	86 647	19 406	21 248	141 367	29 484	43 316	18 835	9 575	101 210	40 158	225 960	4 430	13.2
IV	7 849	84 253	21 654	22 274	136 030	33 966	43 534	21 004	16 732	115 236	20 795	238 890	5 156	13.3
1993*														
I	5 836	86 430	21 918	19 833	134 018	31 998	60 816	23 133	16 377	132 323	1 695	269 201	6 472	15.7
II	6 173	78 525	24 142	17 099	125 939	41 889	56 929	24 604	15 532	138 955	-13 015	263 988	7 297	16.7

6.4 FINLAND'S LONG-TERM FOREIGN LIABILITIES AND ASSETS, BY SECTOR, MILL. FIM

End of period	Long-term liabilities					Total (1+2+3+4+5)	Long-term assets					Total (7+8+9+10+11)	Long-term liabilities, net (6-12)
	Corporate sector	Banks	Other financial institutions	Central government	Other		Corporate sector	Banks	Other financial institutions	Central government	Other		
	1	2	3	4	5	6	7	8	9	10	11	12	13
1988	46 471	27 427	14 339	26 926	499	115 662	25 093	21 607	3 573	3 101	949	54 323	61 339
1989	58 009	40 199	17 665	23 063	574	139 510	34 828	26 048	2 313	3 517	1 537	68 243	71 267
1990	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
1991	79 212	70 795	35 623	56 377	721	242 728	57 749	27 641	2 121	4 752	2 794	95 057	147 671
1992*	91 575	70 253	49 128	118 081	2 415	331 452	70 609	30 730	3 096	5 627	3 296	113 357	218 095
1991													
I	71 221	58 776	26 529	36 123	724	193 373	47 585	28 021	2 140	4 651	2 252	84 649	108 723
II	76 980	67 005	33 210	38 814	696	216 704	49 995	27 536	2 122	5 040	2 362	87 056	129 648
III	76 925	68 223	34 193	44 332	723	224 395	51 794	26 862	2 138	4 655	2 534	87 983	136 412
IV	79 212	70 795	35 623	56 377	721	242 728	57 749	27 641	2 121	4 752	2 794	95 057	147 671
1992*													
I	80 836	69 700	36 029	65 370	1 624	253 560	58 994	28 538	2 298	5 367	2 890	98 087	155 473
II	79 011	64 232	37 681	78 534	1 703	261 161	58 755	28 141	2 290	5 147	2 951	97 284	163 877
III	85 805	68 903	39 127	98 824	2 020	294 678	67 223	30 407	2 451	5 528	3 268	108 876	185 802
IV	91 575	70 253	49 128	118 081	2 415	331 452	70 609	30 730	3 096	5 627	3 296	113 357	218 095
1993*													
I	102 168	72 685	54 550	162 000	2 925	394 327	78 528	35 140	3 180	6 259	3 714	126 821	267 506
II	102 784	69 663	51 382	171 676	2 762	398 268	76 549	31 571	3 299	6 535	3 311	121 265	277 003

7. FOREIGN TRADE

7.1 EXPORTS, IMPORTS AND THE TRADE BALANCE, MILL. FIM

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
1988	92 902	92 118	784
1989	99 784	105 516	-5 732
1990	101 327	103 027	-1 700
1991	92 842	87 744	5 098
1992*	107 471	94 988	12 483
1992*			
Aug.	7 614	6 865	749
Sept.	9 658	7 489	2 169
Oct.	10 200	8 756	1 444
Nov.	10 532	8 740	1 792
Dec.	9 441	8 613	828
1993*			
Jan.	9 452	6 589	2 863
Feb.	10 453	9 056	1 397
March	11 465	10 394	1 071
April	11 370	9 684	1 686
May	11 422	7 794	3 628
June	10 197	7 755	2 442
July	10 793	8 064	2 729
Aug.	10 170	8 221	1 949

7.2 FOREIGN TRADE: INDICES OF VOLUME, UNIT VALUE AND TERMS OF TRADE, 1980=100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1988	121	130	145	122	119
1989	121	144	156	126	123
1990	125	138	154	128	120
1991	114	115	154	131	118
1992*	124	112	164	145	113
1992*					
I	110	117	154	131	118
II	107	112	153	130	118
III	113	109	156	132	119
IV	124	118	157	135	116
1992*					
I	118	112	162	142	114
II	125	118	162	143	113
III	117	102	163	142	115
IV	133	116	171	154	111
1993*					
I	135	107	175	166	106
II	143	104	174	166	105

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, feb					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1988	7 567	30 474	8 450	29 225	17 186	45 791	7 533	17 274	20 828	692
1989	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992*	7 892	32 587	12 172	35 741	19 079	49 514	9 745	13 348	20 826	1 555
1992*										
Aug.	530	2 336	919	2 335	1 494	3 660	690	752	1 552	211
Sept.	687	2 914	1 026	3 244	1 787	4 129	546	903	1 789	122
Oct.	797	3 186	1 027	3 331	1 859	4 498	1 064	1 199	1 890	105
Nov.	770	3 010	1 205	3 789	1 758	4 809	1 058	1 039	1 755	79
Dec.	644	2 949	870	3 421	1 557	4 280	1 300	1 122	1 534	377
1993*										
Jan.	706	2 677	1 048	3 330	1 691	3 691	555	888	1 392	63
Feb.	776	3 069	1 134	3 336	2 138	4 355	1 103	1 665	1 852	81
March	898	3 438	1 213	3 991	1 925	4 658	897	2 845	1 919	75
April	964	3 403	1 306	3 824	1 873	5 446	713	1 349	2 067	109
May	1 017	3 120	1 111	4 314	1 860	4 556	519	1 044	1 605	70
June	928	2 929	966	3 701	1 673	4 272	1 029	904	1 479	71
July	760	2 751	1 162	4 295	1 825	4 337	921	978	1 649	179
Aug.	667	3 081	1 253	3 263	1 906	4 335	993	1 143	1 679	71

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, feb				Imports, cif			
	1992 *		1993 * January - August		1992 *		1993 * January - August	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
1	2	3	4	5	6	7	8	
All OECD countries	88 347	82.2	65 186	15.6	75 180	79.1	53 633	10.3
OECD Europe	78 566	73.1	56 120	11.8	62 972	66.3	43 829	7.7
Of which:								
Austria	1 368	1.3	937	4.6	1 162	1.2	744	0.8
Belgium and Luxembourg	2 785	2.6	1 939	8.9	2 688	2.8	1 836	6.8
Denmark	3 858	3.6	2 833	15.8	3 192	3.4	2 120	2.0
France	7 204	6.7	4 810	-4.4	4 382	4.6	3 094	13.2
Germany	16 806	15.6	11 284	4.4	16 085	16.9	11 546	10.6
Italy	4 302	4.0	2 983	10.8	3 425	3.6	2 571	8.4
Netherlands	5 628	5.2	4 366	22.1	3 458	3.6	2 496	14.4
Norway	3 775	3.5	2 674	18.0	3 825	4.0	3 212	35.3
Spain	2 842	2.6	2 343	27.2	1 167	1.2	782	-2.1
Sweden	13 771	12.8	9 293	6.5	11 133	11.7	6 697	-6.2
Switzerland	1 921	1.8	1 334	10.2	1 842	1.9	1 370	11.7
United Kingdom	11 519	10.7	9 127	27.0	8 213	8.6	5 778	11.0
Other OECD	9 781	9.1	9 067	46.4	12 209	12.9	9 805	23.1
Of which:								
Canada	751	0.7	730	40.4	616	0.6	502	38.3
Japan	1 370	1.3	1 312	48.6	5 202	5.5	3 930	16.3
United States	6 365	5.9	5 815	42.7	5 792	6.1	5 075	32.6
Non-OECD European countries	7 310	6.8	7 328	61.4	9 681	10.2	7 372	29.3
Of which:								
Russia	3 020	2.8	3 356	82.7	6 725	7.1	5 313	34.9
Other countries	11 814	11.0	12 808	91.4	10 127	10.7	6 572	-6.7
Of which:								
OPEC countries	1 927	1.8	2 035	74.3	1 497	1.6	256	-75.7
TOTAL	107 471	100.0	85 322	26.1	94 988	100.0	67 577	10.1
Of which:								
EC countries	57 150	53.2	41 225	12.1	44 801	47.2	31 677	9.0
EFTA countries	20 959	19.5	14 317	8.6	18 033	19.0	12 065	4.6

8. DOMESTIC ECONOMIC DEVELOPMENTS

8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1990 PRICES

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1988	259 533	102 595	109 614	17 275	-712	488 305	115 761	116 898	487 168
1989	269 911	105 099	129 905	15 149	4 818	524 882	117 241	127 311	514 812
1990	269 588	109 238	121 858	17 285	4 647	522 616	118 828	126 600	514 844
1991	260 290	111 557	93 381	17 232	-3 186	479 274	110 965	111 755	478 484
1992*	246 728	111 063	75 282	16 326	1 255	450 654	121 877	113 299	459 232
1991									
I	65 409	27 789	26 719	4 351	101	124 369	27 279	29 069	122 579
II	65 346	27 929	23 871	4 688	-594	121 240	26 182	27 106	120 317
III	65 180	27 958	21 965	4 307	-1 196	118 214	29 175	28 127	119 263
IV	64 355	27 881	20 825	3 886	-1 496	115 450	28 328	27 454	116 325
1992*									
I	63 182	27 736	20 272	4 229	-955	114 465	29 526	28 284	115 706
II	61 963	27 801	19 890	4 305	229	114 188	30 588	29 273	115 503
III	61 047	27 799	18 577	3 897	1 405	112 724	30 090	27 739	115 075
IV	60 537	27 727	16 543	3 895	575	109 277	31 674	28 002	112 948
1993*									
I	59 976	26 351	16 160	3 395	-290	105 592	33 764	28 618	110 737
II	58 867	26 386	15 174	3 330	50	103 807	34 784	27 241	111 351

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1990=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.8)	(9.1)
	1	2	3	4	5	6	7
1988	97.1	94.1	97.1	98.7	93.8	99.0	97.5
1989	100.3	101.9	100.5	102.3	99.6	100.8	97.9
1990	100.2	99.8	100.2	100.1	100.4	100.1	100.0
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992*	92.6	91.2	91.5	94.8	90.9	90.6	103.2
1992*							
July	93.2	82.1	93.2	91.4	94.2	93.0	97.7
Aug.	93.6	77.4	93.3	97.1	94.9	90.5	99.6
Sept.	92.2	90.9	91.4	97.4	90.6	89.5	101.8
Oct.	93.5	78.2	92.0	96.5	89.6	92.1	111.5
Nov.	93.8	87.6	92.1	98.0	92.0	89.9	111.5
Dec.	92.1	80.8	90.8	96.9	91.1	88.8	107.4
1993*							
Jan.	93.5	86.3	92.1	99.1	92.4	88.4	105.6
Feb.	94.4	82.8	92.9	100.0	94.8	89.4	106.1
March	94.4	82.9	92.7	100.6	95.2	88.1	109.1
April	95.7	83.4	94.8	104.1	98.1	88.6	105.4
May	93.7	78.7	92.9	102.8	96.7	86.3	103.4
June	97.6	65.8	97.4	106.5	100.2	90.8	109.5
July	98.4	81.9	98.2	107.6	100.3	92.7	106.3

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1988	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.7
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.4
1990	119.9	111.7	127.3	124.8	161.7	122.1	144.6	116.7
1991	101.2	103.9	103.9	94.4	127.7	109.9	102.1	111.0
1992*	87.9	93.8	79.5	73.8	76.2	87.5	84.6	108.1
1992*								
June	92.9	94.6	..	..	..	..	..	108.3
July	89.8	91.9	..	..	..	..	..	109.1
Aug.	82.7	89.3	..	..	..	..	..	107.5
Sept.	87.2	93.6	..	..	..	..	..	108.0
Oct.	84.8	91.7	..	..	..	..	..	107.2
Nov.	81.3	86.3	..	..	..	..	..	107.7
Dec.	82.6	89.8	..	..	..	..	..	107.6
II	89.3	94.8	82.9	79.3	72.1	94.8	107.3	108.3
III	86.6	91.6	78.1	73.4	80.2	82.8	64.3	108.2
IV	82.9	89.3	67.4	59.9	53.2	74.5	80.1	107.5
1993*								
Jan.	76.8	87.2	..	..	..	..	..	107.1
Feb.	82.4	92.3	..	..	..	..	..	108.2
March	84.5	91.6	..	..	..	..	..	107.2
April	81.0	89.7	..	..	..	..	..	106.8
May	81.9	88.8	..	..	..	..	..	106.0
June	86.5	87.3	..	..	..	..	..	107.3
I	81.2	90.4	57.6	60.6	43.4	61.0	117.4	107.5
II	83.1	88.6	54.6	59.5	45.6	54.6	73.1	106.7

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors				Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index	
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government			Non-profit institutions	Domes-tic goods		Imported goods	Exported goods		Home market goods
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.8	146.8	149.8	144.7	150.0	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1991	157.6	158.3	156.2	157.9	154.8	158.9	132.6	111.2	115.8	94.2	109.9	108.7	110.4	137.3
1992¹	160.6	160.9	159.9	160.6	159.1	162.4	136.0	112.4	115.6	100.9	112.6	113.4	112.3	134.9
1992¹														
Aug.	..	..	..	..	..	..	135.9	112.0	115.7	98.6	112.4	111.8	112.7	133.7
Sept.	..	..	..	..	..	..	136.4	112.2	115.2	101.3	113.2	115.0	112.3	134.5
Oct.	..	..	..	..	..	..	136.9	113.3	115.7	104.3	113.8	115.9	112.8	134.7
Nov.	..	..	..	..	..	..	137.1	113.4	115.5	105.5	114.1	116.7	112.8	134.4
Dec.	..	..	..	..	..	..	136.8	113.4	115.5	105.9	114.0	115.9	113.0	134.0
II	160.6	161.1	160.2	160.4	158.7	162.1	136.1	112.3	115.7	99.9	112.4	112.6	112.3	134.7
III	160.4	160.5	159.3	160.7	159.5	162.7	136.2	112.2	115.6	99.6	112.8	113.3	112.6	134.0
IV	161.2	161.4	160.8	161.0	160.3	163.0	136.9	113.4	115.6	105.2	113.9	116.2	112.9	134.3
1993¹														
Jan.	..	..	..	..	..	..	138.2	113.9	115.8	107.1	114.4	116.5	113.4	134.9
Feb.	..	..	..	..	..	..	138.6	115.3	116.6	109.8	115.9	118.9	114.5	134.8
March	..	..	..	..	..	..	138.8	116.2	117.1	112.4	116.9	120.5	115.2	134.7
April	..	..	..	..	..	..	139.3	116.4	117.3	112.4	117.4	121.0	115.7	135.2
May	..	..	..	..	..	..	139.4	116.1	116.8	112.7	117.3	121.6	115.4	135.3
June	..	..	..	..	..	..	139.2	116.1	117.1	111.8	117.2	120.7	115.6	135.5
July	..	..	..	..	..	..	138.8	116.0	117.1	111.6	116.7	119.8	115.2	135.3
Aug.	..	..	..	..	..	..	138.7	116.0	116.8	112.1	116.9	120.4	115.2	135.3
I	161.8	162.0	161.8	161.6	160.9	163.3	138.5	115.1	116.5	109.8	115.7	118.6	114.4	134.8
II	162.0	162.2	162.7	161.9	161.2	163.6	139.3	116.2	117.1	112.3	117.3	121.1	115.6	135.3

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agri-culture and forestry	Industry	Con-struction	Service industries		
		1000 persons									
%											
	1	2	3	4	5	6	7	8	9	10	11
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
1991	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
1992	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
1992											
Aug.	66.3	2 508	2 160	334	1 827	188	445	149	1 378	348	13.9
Sept.	65.7	2 488	2 146	320	1 825	185	455	150	1 356	343	13.8
Oct.	66.0	2 499	2 134	319	1 815	181	453	132	1 368	365	14.6
Nov.	66.2	2 509	2 125	315	1 810	177	441	142	1 365	384	15.3
Dec.	65.3	2 477	2 094	311	1 783	182	435	136	1 342	383	15.5
1993											
Jan.	65.7	2 491	2 091	308	1 783	179	437	127	1 348	400	16.1
Feb.	65.7	2 493	2 076	317	1 759	171	424	131	1 350	417	16.7
March	65.2	2 475	2 052	313	1 739	181	430	132	1 309	423	17.1
April	65.5	2 488	2 056	320	1 736	180	428	130	1 319	432	17.4
May	65.3	2 482	2 052	319	1 734	175	432	129	1 316	429	17.3
June	64.8	2 462	2 008	298	1 710	166	420	128	1 295	454	18.4
July	65.0	2 471	2 030	316	1 714	171	422	123	1 315	441	17.8
Aug.	65.5	2 492	2 045	309	1 736	160	423	126	1 336	447	17.9

8.6 CENTRAL GOVERNMENT FINANCES: REVENUE, EXPENDITURE AND FINANCIAL BALANCE, MILL. FIM, CASH FLOW BASIS

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
1992	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 207	105 184	42 990	59 180
1992											
July	3 662	6 074	275	1 234	11 245	78	11 323	5 073	7 975	3 469	4 319
Aug.	3 422	5 938	130	1 528	11 018	393	11 411	3 483	8 170	3 413	4 553
Sept.	3 091	5 663	117	1 510	10 381	137	10 517	3 887	8 179	3 440	4 575
Oct.	2 896	5 336	136	1 448	9 816	187	10 003	4 169	9 599	3 498	5 933
Nov.	2 984	5 925	110	1 751	10 770	704	11 474	3 806	9 072	3 463	5 492
Dec.	853	6 371	-50	2 978	10 152	1 043	11 195	4 395	9 323	3 671	5 263
1993											
Jan.	-560	5 900	70	919	6 329	15	6 345	4 129	9 084	3 230	5 701
Feb.	3 730	4 446	240	1 257	9 673	113	9 785	3 869	7 807	3 347	4 273
March	2 456	6 205	127	3 496	12 284	2 119	14 403	4 145	9 295	3 698	5 440
April	3 875	4 926	93	2 657	11 551	98	11 649	3 835	9 436	4 055	5 278
May	2 697	5 638	97	2 688	11 120	510	11 630	3 646	9 115	3 958	5 013
June	2 870	5 633	86	2 748	11 337	591	11 928	4 110 ^r	8 842	3 958	4 672
July	3 208	5 626	119	1 759	10 712	197	10 909	4 719	8 225	3 287	4 696
During period	Expenditure					Financial balance					
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)		
	12	13	14	15	16	17	18	19	20		
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287		
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842		
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879		
1991	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645		
1992	5 042	8 499	167 932	35 501	203 433	-41 316	-71 764	70 691	-1 071		
1992											
July	398	479	13 925	683	14 608	-2 680	-3 285	5 185	1 900		
Aug.	387	331	12 371	7 005	19 375	-1 353	-7 964	4 133	-3 831		
Sept.	442	816	13 324	4 950	18 275	-2 943	-7 758	5 267	-2 491		
Oct.	439	1 229	15 436	937	16 373	-5 620	-6 370	8 365	1 995		
Nov.	410	102	13 390	1 010	14 400	-2 620	-2 926	15 124	12 199		
Dec.	664	1 117	15 499	11 897	27 396	-5 347	-16 201	3 174	-13 027		
1993											
Jan.	261	1 691	15 165	662	15 826	-8 836	-9 481	16 891	7 410		
Feb.	290	842	12 808	1 289	14 097	-3 135	-4 312	15 636	11 324		
March	313	2 248	16 001	3 211	19 211	-3 717	-4 808	9 245	4 437		
April	306	1 554	15 131	2 060	17 191	-3 580	-5 542	12 592	7 050		
May	318	1 156	14 235	1 351	15 586	-3 115	-3 956	2 086	-1 870		
June	384	2 650	15 986 ^r	768	16 753 ^r	-4 649 ^r	-4 825 ^r	4 424	-401 ^r		
July	406	914	14 264	3 935	18 200	-3 552	-7 291	7 157	-134		

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

Unless otherwise stated, the source or compiler of figures is the Bank of Finland.

Symbols used

- * Preliminary
- r Revised
- 0 Less than half the final digit shown
- . Logically impossible
- .. Data not available
- Nil
- S Affected by strike
- _ Break in series

Owing to rounding of figures, the sum of the individual items in the tables may differ from the total shown.

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

Table 1.2 Domestic financial sector. Term claims on deposit banks (Column 13) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments. Liquidity position of deposit banks, net (Column 14): see explanation to Table 2.1. Other claims on financial institutions, net (Column 17) = bonds + other claims on financial institutions - other liabilities to financial institutions. *Corporate sector.* Special deposits and other items, net (Column 20) = bonds: other + other claims on corporations - deposits for investment and ship purchase - other liabilities to corporations.

2 THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION

Table 2.1 Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. They can also obtain liquidity credit with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity is determined by the Bank of Finland.

Table 2.2 The minimum reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is determined on the basis of the reserve base for the previous month. No interest is paid on minimum reserve deposits. The cash reserve figures for 1989 include the additional deposit requirement of 1.1 per cent under the supplementary cash reserve agreement in force at the time, together with the corresponding non-interest-bearing deposits of FIM 3 159 million.

Table 2.3 Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

Table 2.4 Foreign exchange transactions are recorded according to trade dates. In addition to spot transactions (Columns 1, 2, 4 and 5) the Bank of Finland's foreign exchange reserves are affected by interest payments and by changes in both the prices of securities and exchange rates. Spot transactions related to forward contracts (Column 4) refer to the combined effects on the foreign exchange reserves of forward transactions in the form of swaps and maturing forward transactions. The central government's foreign exchange transactions (Column 5) comprise transactions related to drawings and redemptions of government loans and associated interest payments.

Table 2.5 As from the beginning of 1990, the statistics on the forward exchange market are based on data on individual contracts against the Finnish markka as reported by banks (excluding Columns 5 and 6). The statistics cover all authorized banks and contracts. The rates of exchange used in the statistics are the forward rates on the contract date.

3 RATES OF INTEREST

Table 3.1 HELIBOR (Helsinki Interbank Offered Rate) (Columns 2-5): The HELIBOR rate for each maturity is calculated by the Bank of Finland as the average of the offered rates for certificates of deposit quoted daily at 1 p.m. by the five largest banks.

Table 3.2 The Bank of Finland's tender rate (column 1) is determined in tenders held by the Bank of Finland, in which the banks are asked to make bids or offers for money market instruments with a maturity of one month. The tender rate is the weighted average of accepted bids or offers, expressed as a simple annual interest rate. If, when requesting bids or offers, the Bank of Finland announces an acceptable interest rate (fixed-rate tender), the tender rate is the same as the rate announced by the Bank. The monthly figure for the tender rate is the arithmetic average of calendar day figures.

Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. In addition, they can obtain liquidity credit from the Bank of Finland with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity of liquidity credit is determined by the Bank of Finland. The rate of interest on liquidity credit is obtained by adding together the Bank of Finland's tender rate and the interest rate margin for liquidity credit. The call money deposit rate is obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. The monthly figures for maturity and interest rate margins are those prevailing at the end of the month.

Table 3.3 The rates shown are based on the lending rates quoted for the respective currencies in the Euro-market. ECU (Column 1); the weights of the ECU basket. 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent.

Table 3.4 Lending. New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May (September) 1992, 24-month (36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month deposits (Column 7) were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less one percentage point. Other tax-exempt deposits (Column 9): in the period from January 1989 to April 1992, deposits other than 24-month deposits were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less 4 percentage points. From May 1992, deposits other than 24-month or 36-month deposits are tax-exempt if they carry a maximum rate of interest as prescribed by law. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. All markka deposits (Column 10): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 11): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 12): markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

Table 3.5 Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. The yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. The yield on taxable public issues (Column 5) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between S25

3 and 6 years. The yield on taxfree public issues (Column 6) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 5 and 6 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations.

4 RATES OF EXCHANGE

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. The midpoint was FIM 4.87580 from 7 June to 14 November 1991, and FIM 5.55841 from 15 November 1991 to 7 September 1992, and the fluctuation limits were ± 3 per cent around the midpoint. Since 8 September 1992 the markka has been floating. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of Statistics Finland applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period. Other funding (Column 8) comprises CDs, promissory notes and bonds. The figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some liabilities held by entities not covered by the above definition of the public.

Table 5.2 Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl.

foreign claims of banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. foreign liabilities of banks' foreign branches). *Domestic credit*. Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central government - the central government's deposits with the Bank of Finland and Postipankki - loans granted from state funds through banks. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public). M_1 (Column 6) = currency in circulation - banks' till money + markka cheque and postal giro account deposits and transactions account deposits held by the public. M_2 (Column 7) = M_1 + quasi-money (markka time deposits held by the public, excl. deposits with the Bank of Finland). M_3 (Column 8) = M_2 + bank CDs held by the public.

Table 5.4 Source: State Treasury Office. Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

Table 5.5 Source: Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks entitled to central bank financing. The State Treasury and the five largest banks (KOP Okobank, Postipankki, Skopbank and Union Bank of Finland) agreed on a market making arrangement for benchmark government bonds with effect from 1 August 1992. Evli Securities Ltd was accepted as primary dealer with effect from 1 May 1993. The

primary dealers' quotes are published daily (page JVKD on Reuters). Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers.

Table 5.6 Source: The Helsinki Stock Exchange.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

Table 6.1 The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures annually from the September issue of the Bulletin. (The annual figure is divided evenly between quarterly figures.)

Table 6.2 Columns 1-5: Net change in long-term liabilities. Columns 6-10: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 7) (marketable instruments): Primary and secondary market transactions in securities. Loans (Column 3) (non-marketable instruments): Financial loans, import credits, prepayments related to exports and leasing credits. Other long-term capital (Column 4): Finland's subscriptions to international financial institutions paid in the form of promissory notes + long-term deposit liabilities of banks + other long-term liabilities of central government, banks and other financial institutions. Loans (Column 8): Financial loans, development credits, export credits, prepayments related to imports and leasing credits. Other long-term capital (Column 9): Finland's subscriptions to international financial institutions + long-term deposits of banks + other long-term assets of central government, banks and other financial institutions.

Table 6.3 Net foreign debt (Columns 1-23) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for each date. Thus the figures include the impact of changes in exchange rates.

Table 6.4 The sectoral figures for short-term foreign liabilities and assets correspond to the figures shown in Columns 12-22 of Table 6.3.

7 FOREIGN TRADE

Source: The National Board of Customs. All tables refer to foreign trade in goods.

Table 7.2 The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

Table 7.4 The regional and country grouping is based on the classification according to Finnish Official Statistics I.A.

8 DOMESTIC ECONOMIC DEVELOPMENTS

Tables 8.1-8.5 Source: Statistics Finland. Seasonal adjustment is carried out by the Bank of Finland.

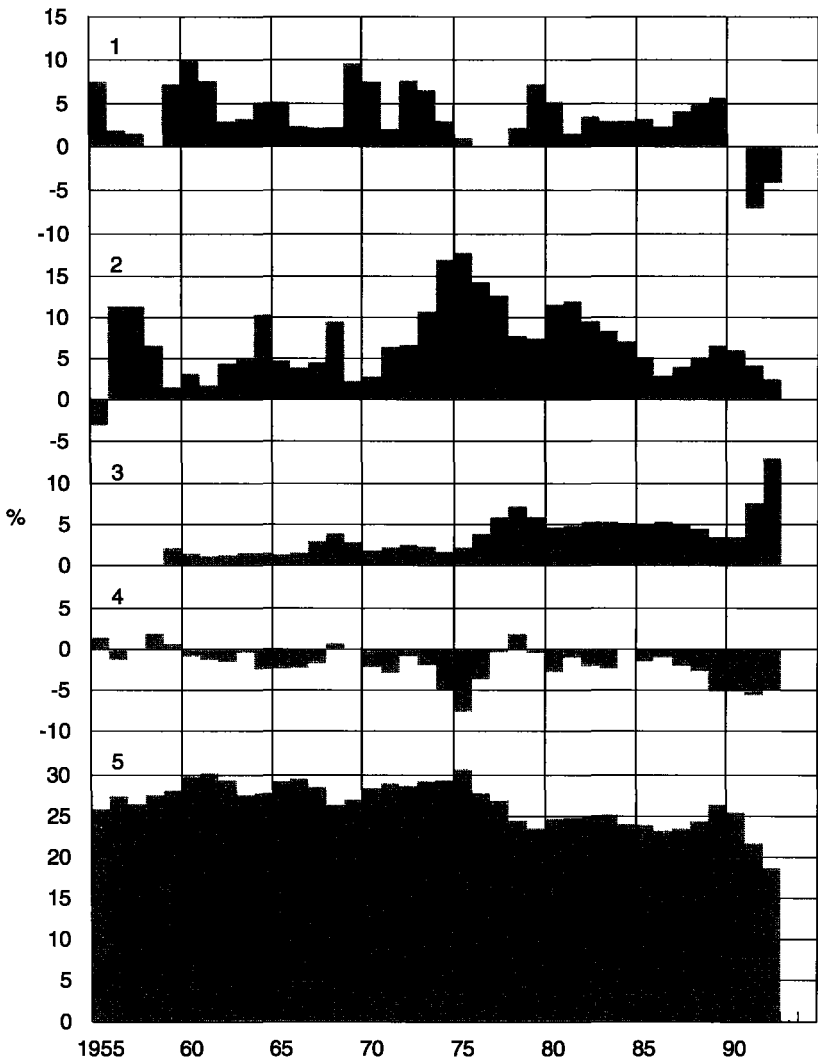
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year is 1985.

Table 8.6 Source: Ministry of Finance.

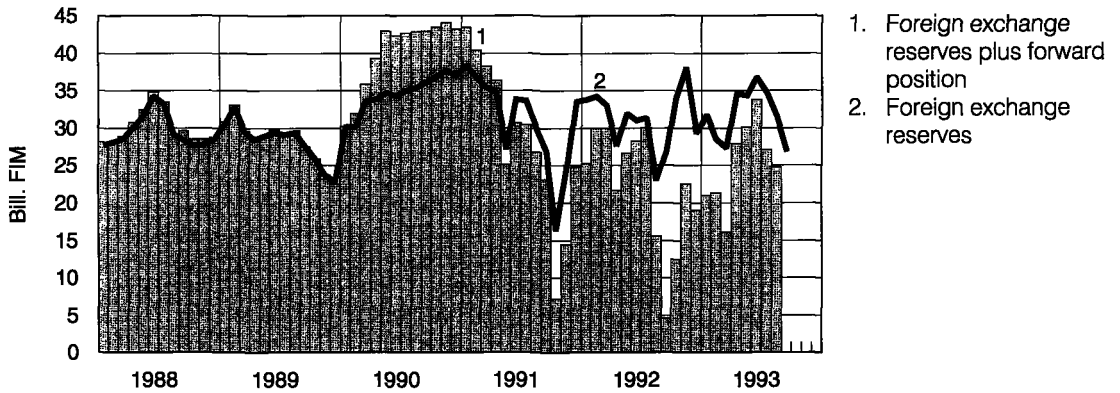
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Rates of interest applied by the Bank of Finland	S29
5. Banks' liquidity position with the Bank of Finland	S30
6. Liquidity management interest rates	S30
7. HELIBOR rates of interest, daily	S30
8. HELIBOR rates of interest, monthly	S31
9. Differential between Finnish and German interest rates	S31
10. Yields on bonds	S31
11. Bank of Finland currency index and the markka value of the ECU	S32
12. Daily spot rates for the markka against the Deutschmark and the US dollar	S32
13. Daily spot rates for the markka against the pound sterling and the Swedish krona	S32
14. Monthly spot rates for the markka against the Deutschmark and the US dollar	S33
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S33
16. Banks' markka lending rates and markka funding rates	S33
17. Bank funding from the public	S34
18. Bank lending to the public	S34
19. Money supply	S34
20. Current account	S35
21. Net interest and dividend expenditure	S35
22. Balance of payments	S36
23. Foreign debt	S36
24. Foreign trade	S37
25. Foreign trade: prices and terms of trade	S37
26. Finland's export performance	S37
27. Production	S38
28. Fixed investment	S38
29. Employment and the unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40
32. Central government debt	S40

1. LONG-TERM INDICATORS

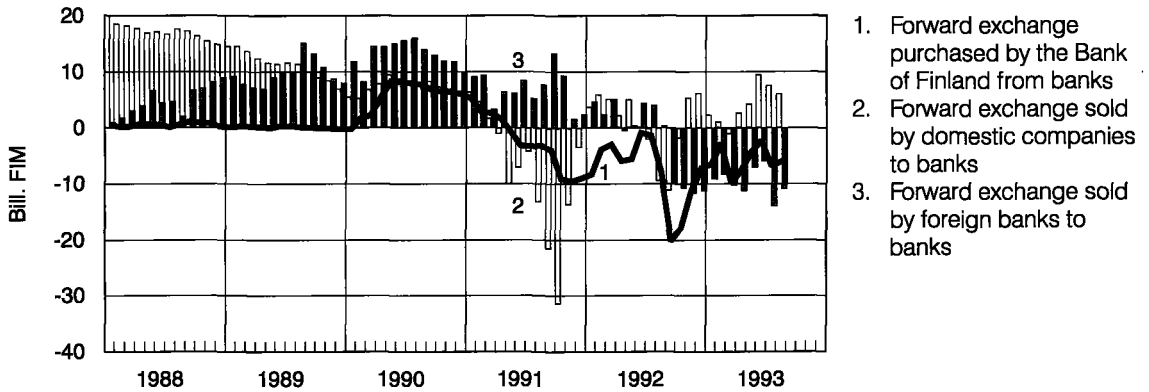


- 1. GDP, change in volume from the previous year, per cent
- 2. Consumer prices, change from the previous year, per cent
- 3. Unemployment rate, per cent
- 4. Current account, as a percentage of GDP
- 5. Fixed investment, as a percentage of GDP

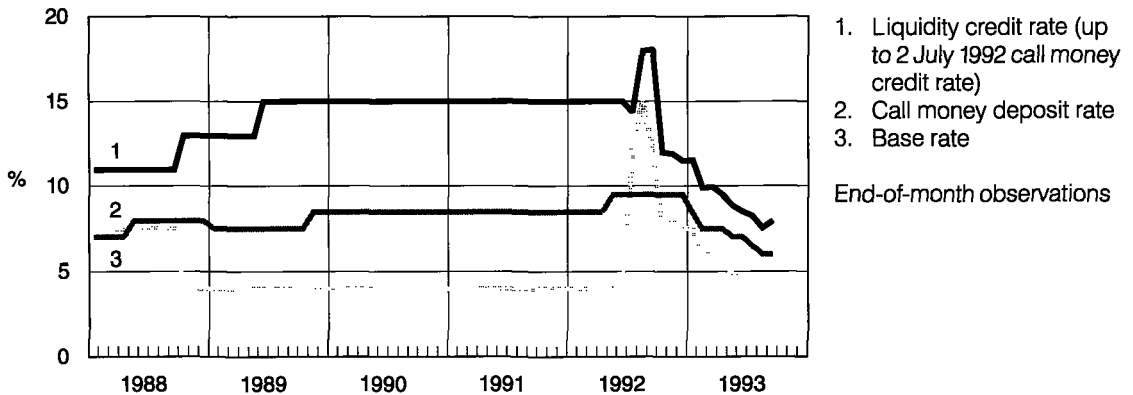
2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



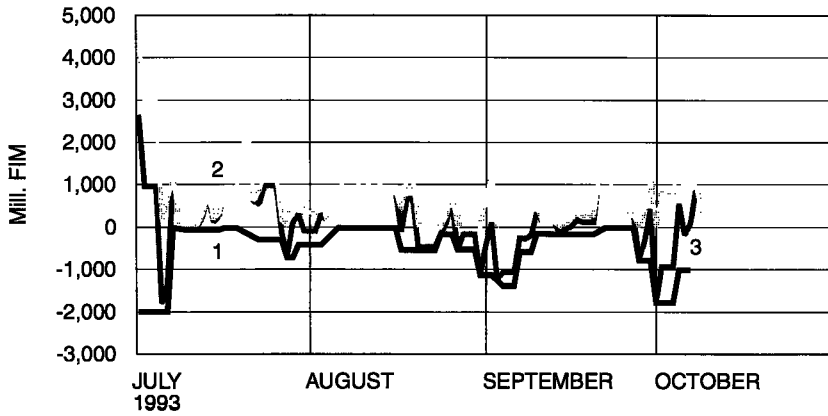
3. FORWARD MARKET



4. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND

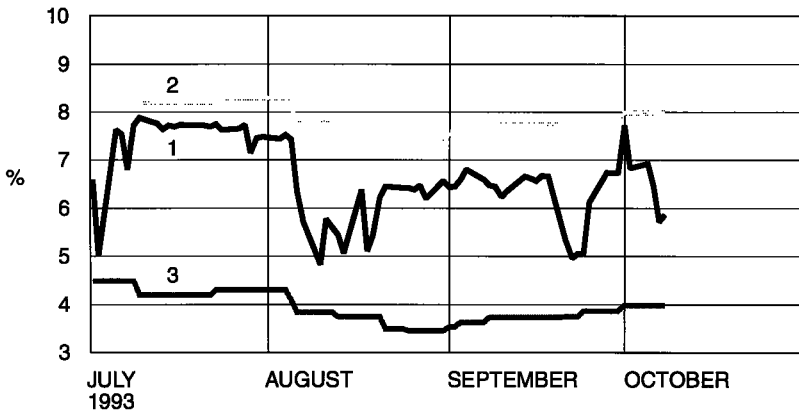


5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



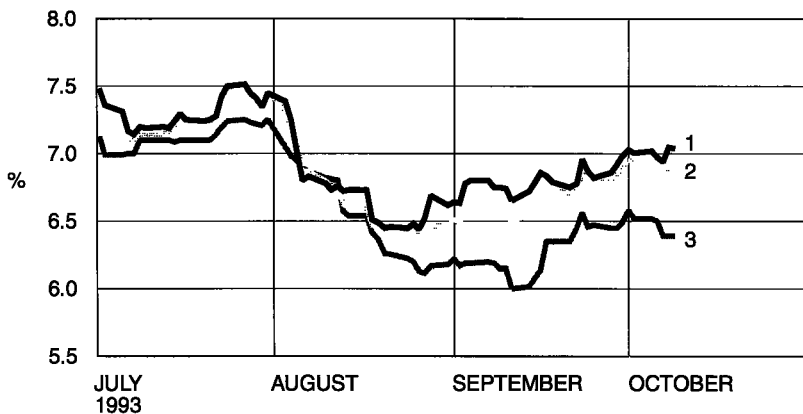
- 1. Liquidity credits (-)
- 2. Call money deposits
- 3. Net

6. LIQUIDITY MANAGEMENT INTEREST RATES



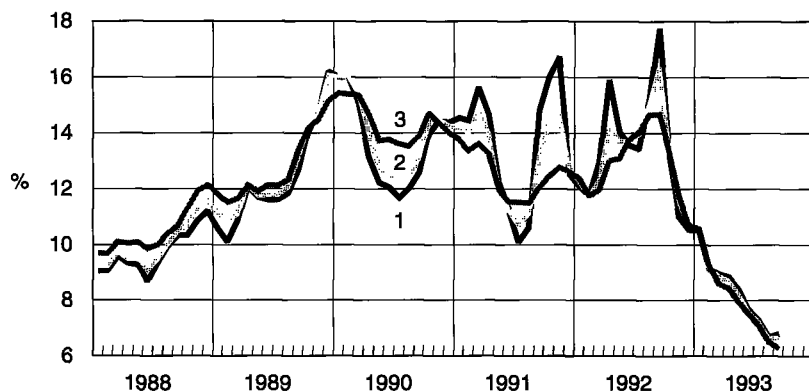
- 1. Inter-bank overnight rate
 - 2. Liquidity credit rate
 - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



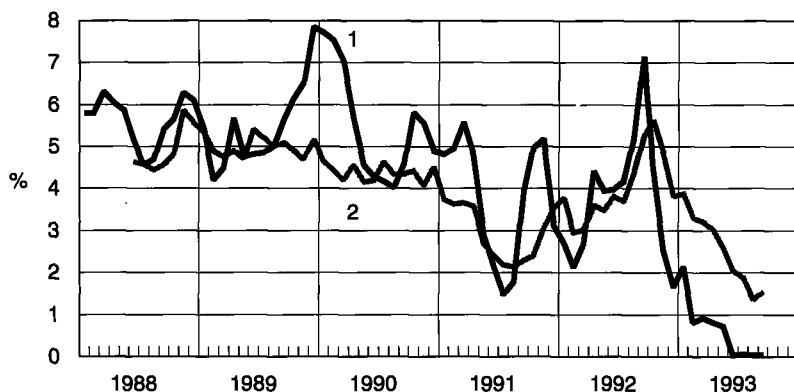
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



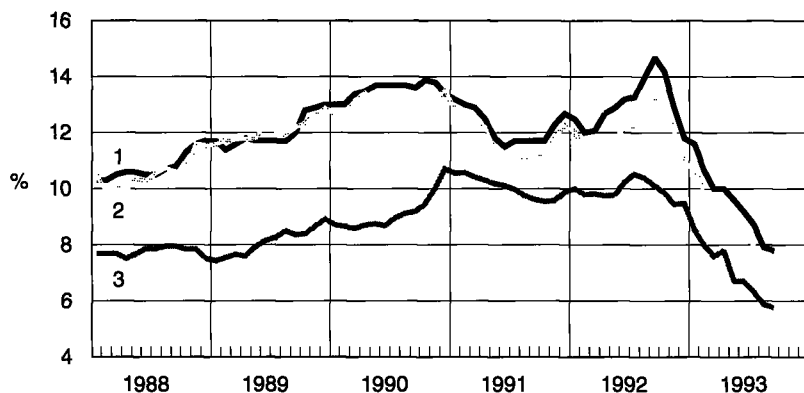
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



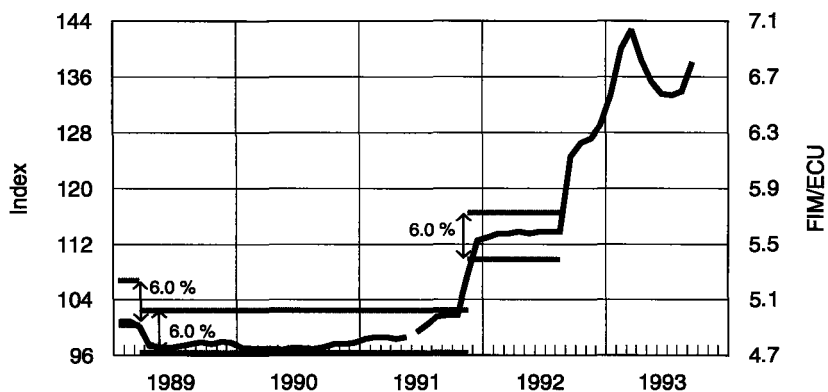
- 1. 3-month HELIBOR *minus* 3-month DEM eurorate
- 2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



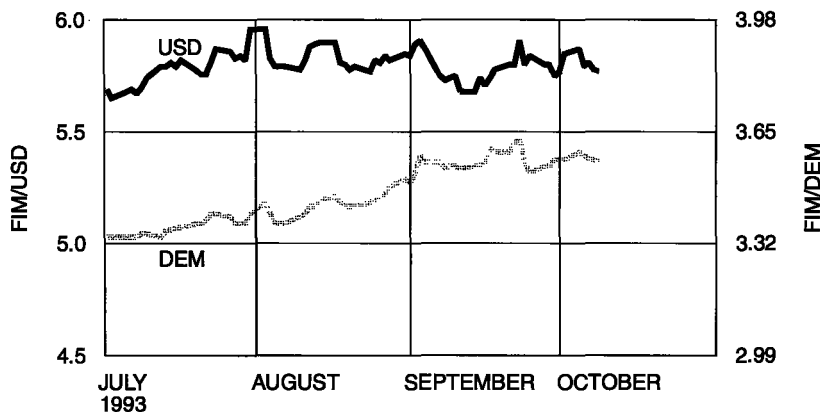
- 1. Bank of Finland's 5-year reference rate
- 2. Until April 1991, yield on (4-5 year) taxable government bonds
Since May 1991, yield on government bond due on 15 March 1996, coupon rate 11.75 per cent
- 3. Yield on (4-5 year) tax-free government bonds

11. BANK OF FINLAND CURRENCY INDEX AND THE MARKKA VALUE OF THE ECU



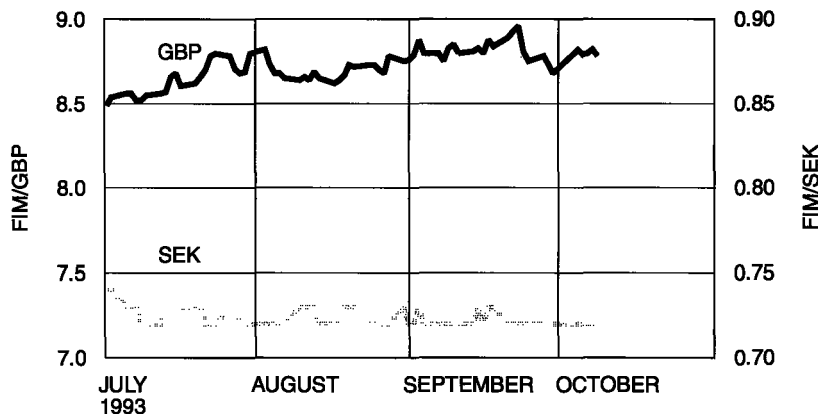
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992, the limits have been temporarily abandoned. Monthly averages

12. DAILY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



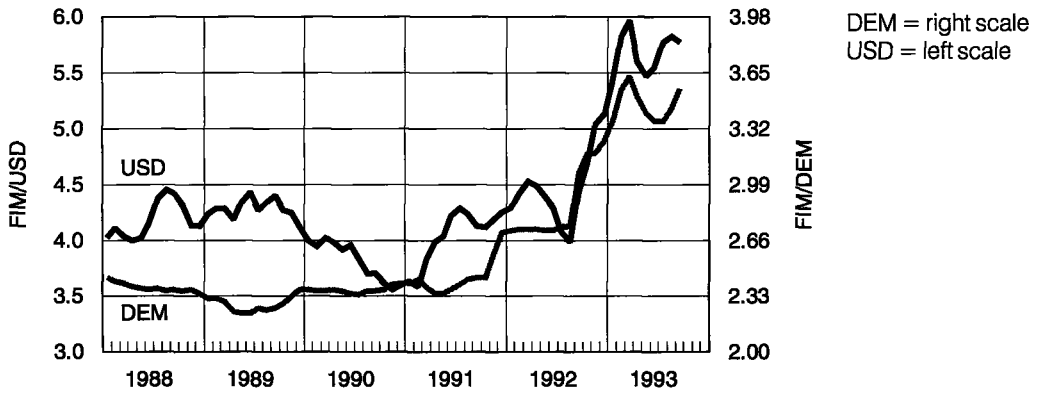
Middle rates
DEM = right scale
USD = left scale

13. DAILY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA

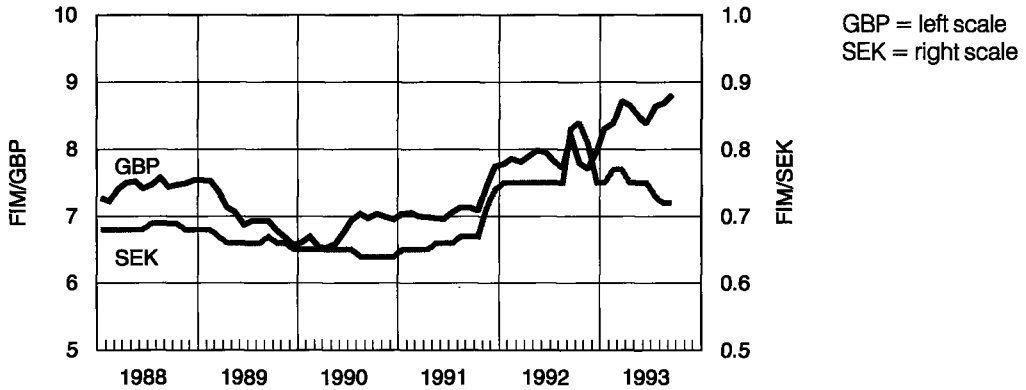


Middle rates
GBP = left scale
SEK = right scale

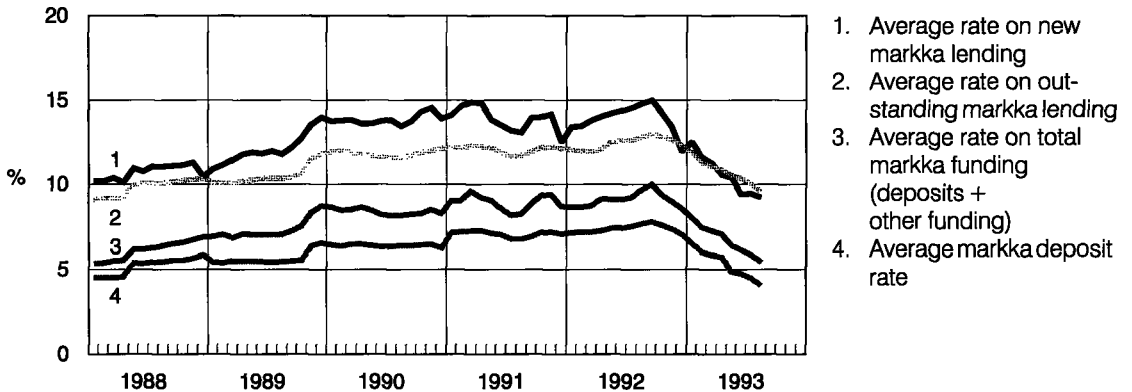
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



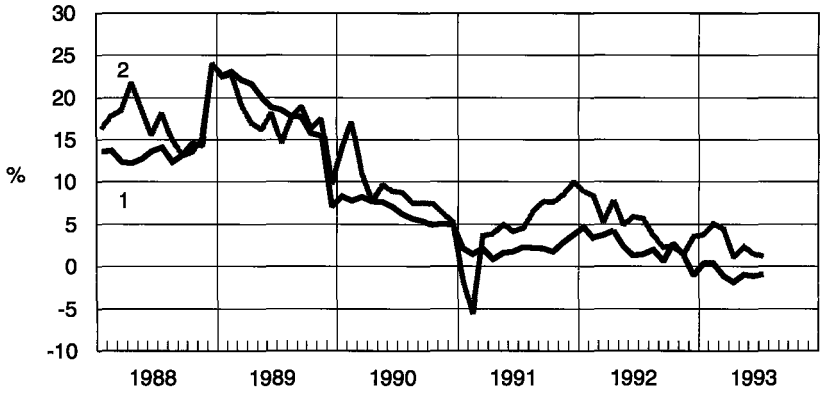
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



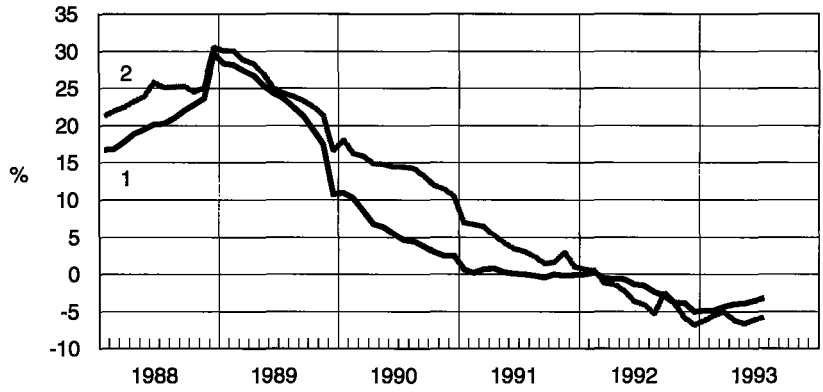
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

Change from the corresponding month of the previous year, per cent

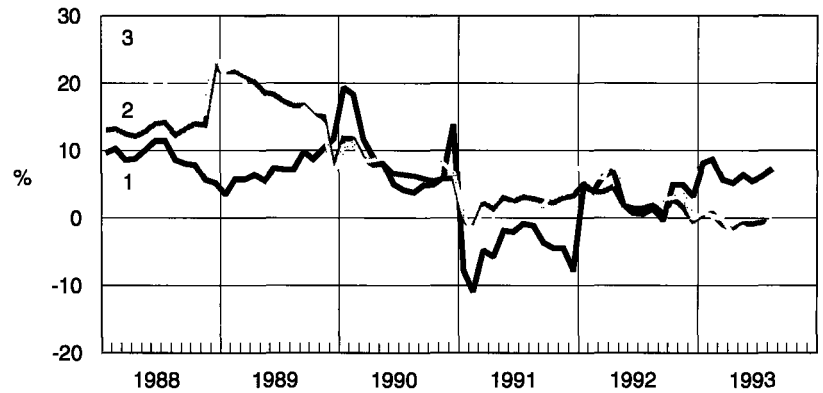
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

Change from the corresponding month of the previous year, per cent

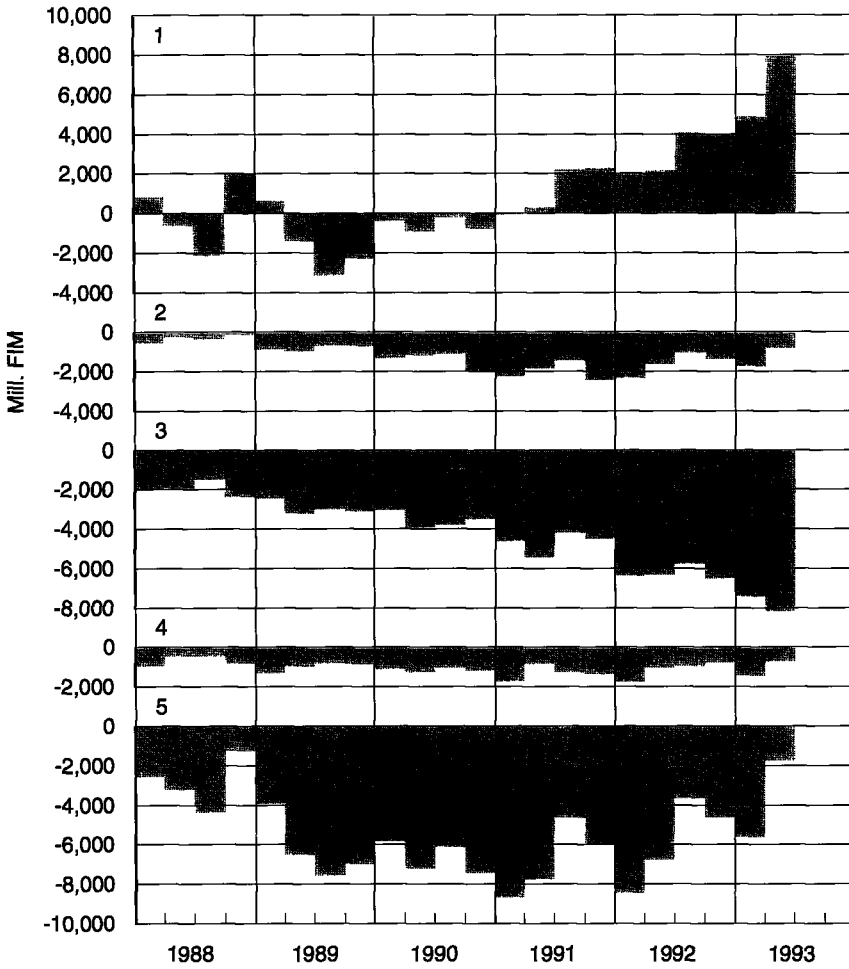
19. MONEY SUPPLY



- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

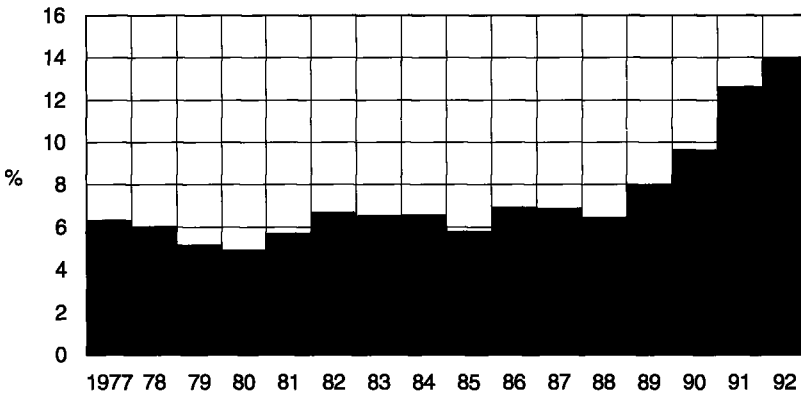
Change from the corresponding month of the previous year, per cent

20. CURRENT ACCOUNT



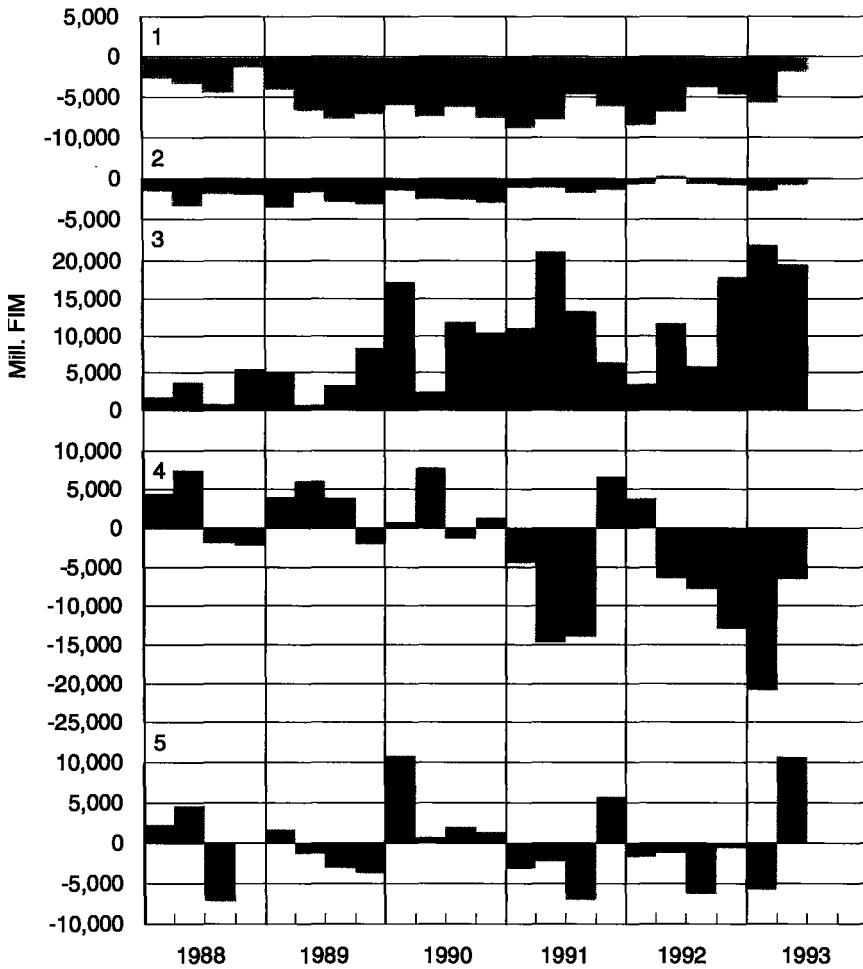
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. NET INTEREST AND DIVIDEND EXPENDITURE



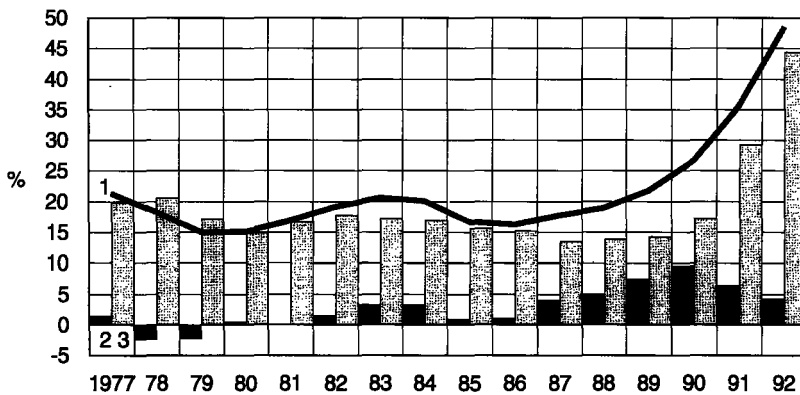
As a percentage of current account receipts

22. BALANCE OF PAYMENTS



1. Current account
2. Direct investment
3. Other long-term capital account
4. Short-term capital account
5. Overall balance = change in the foreign exchange reserves of the Bank of Finland

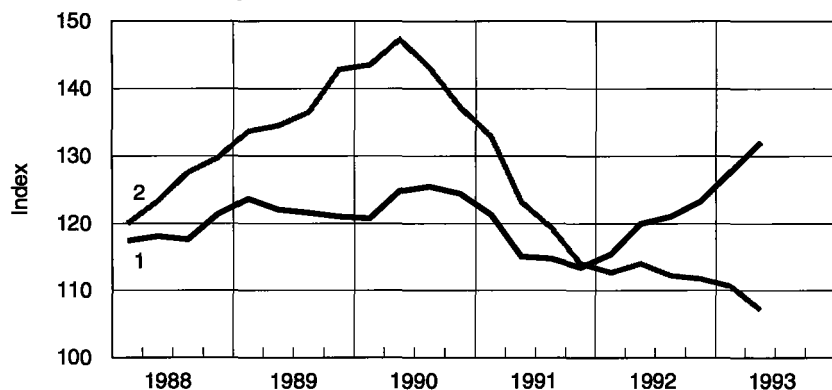
23. FOREIGN DEBT



1. Total foreign net debt
2. Short-term net debt
3. Long-term net debt

As a percentage of GDP

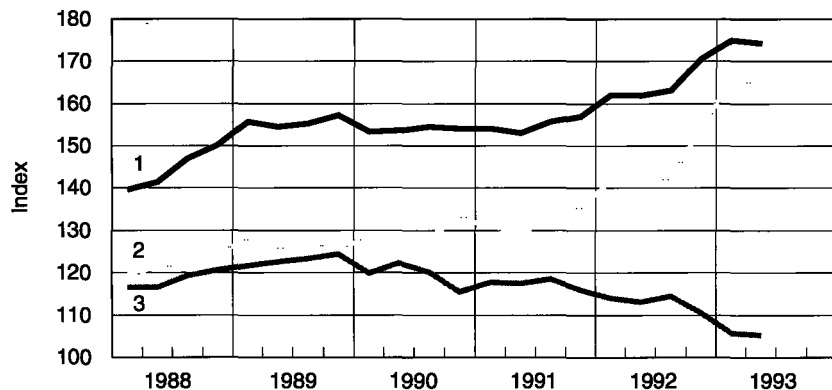
24. FOREIGN TRADE



1. Total exports
2. Total imports

Volume index, 1980 = 100,
four-quarter moving average
plotted at the last quarter

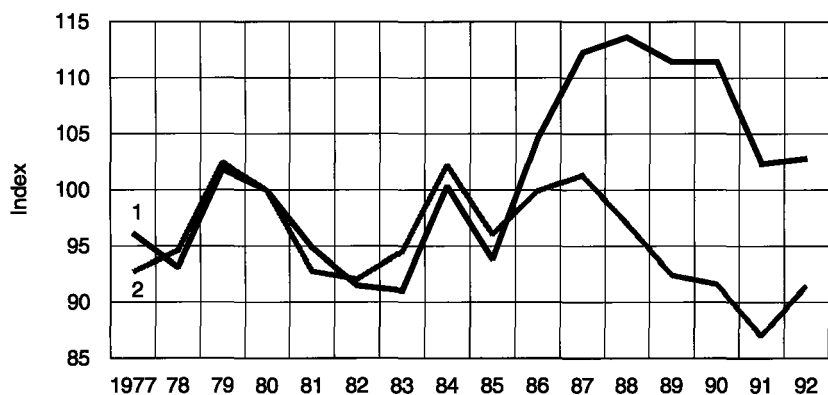
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



1. Unit value index of exports
2. Unit value index of imports
3. Terms of trade

1980 = 100

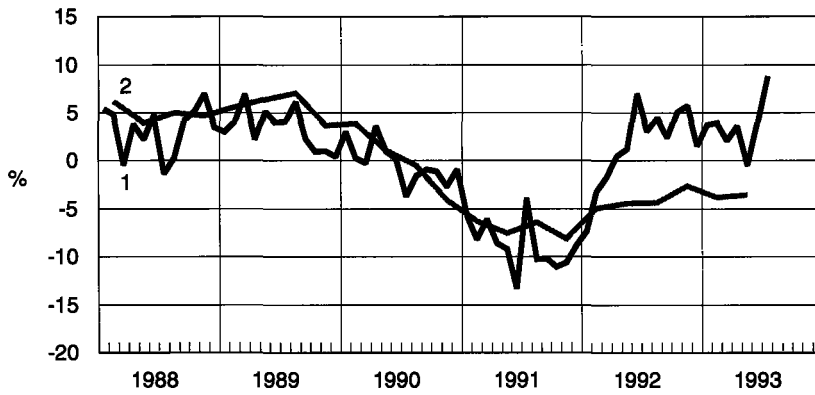
26. FINLAND'S EXPORT PERFORMANCE



1. Value of exports to OECD countries in relation to imports of OECD countries
2. Volume of exports to OECD countries in relation to imports of OECD countries

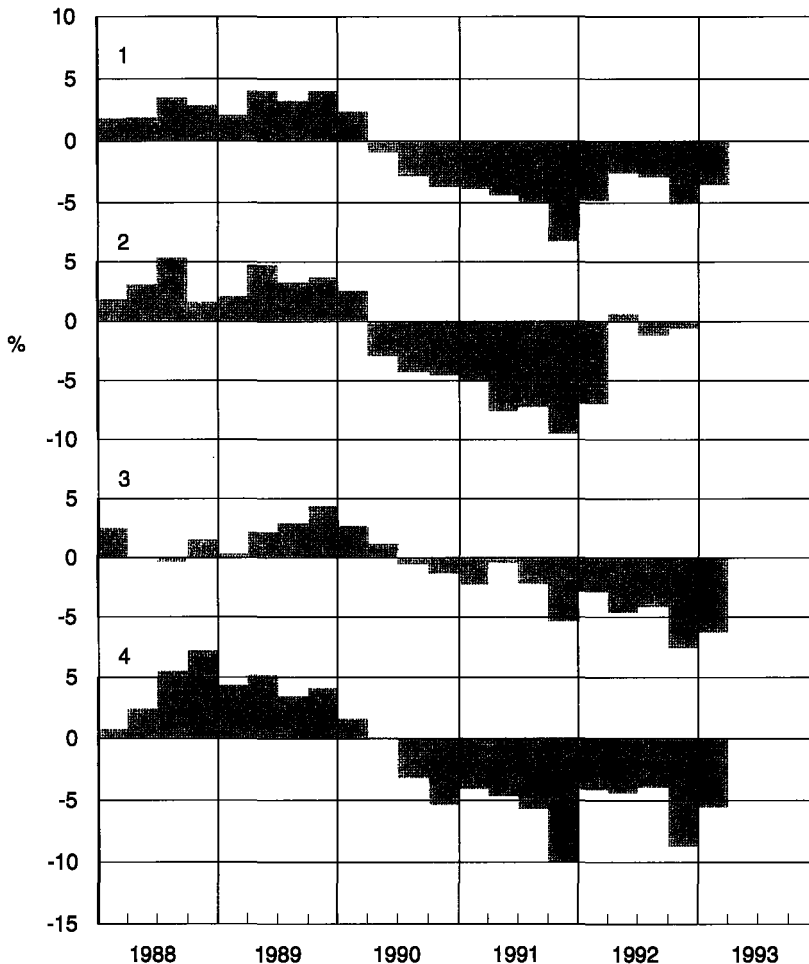
1980 = 100

27. PRODUCTION



1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

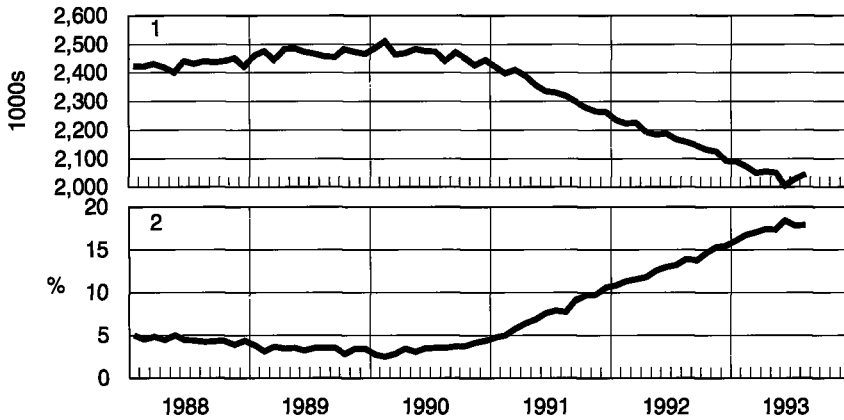
28. FIXED INVESTMENT



1. Total fixed investment
2. Investment in machinery and equipment
3. Building investment, excl. residential buildings
4. Residential buildings

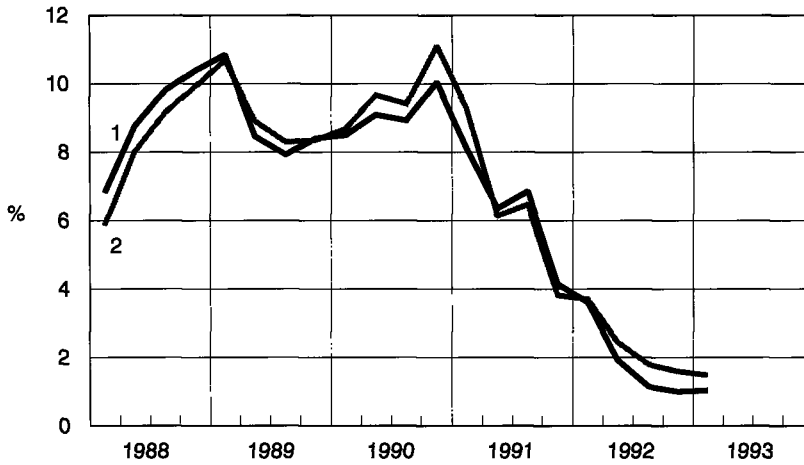
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



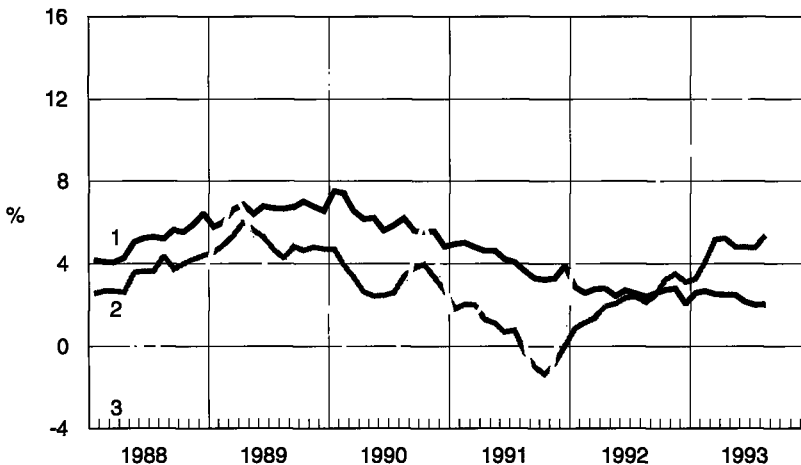
1. Employment, 1000 persons
2. Unemployment rate, per cent

30. PRICES AND WAGES



1. Index of wage and salary earnings, all wage and salary earners
2. Index of wage and salary earnings, manufacturing workers

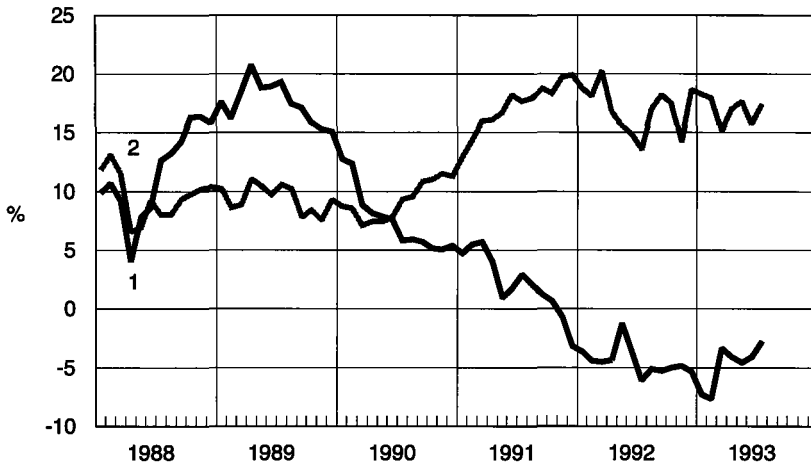
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Wholesale price index
3. Import price index

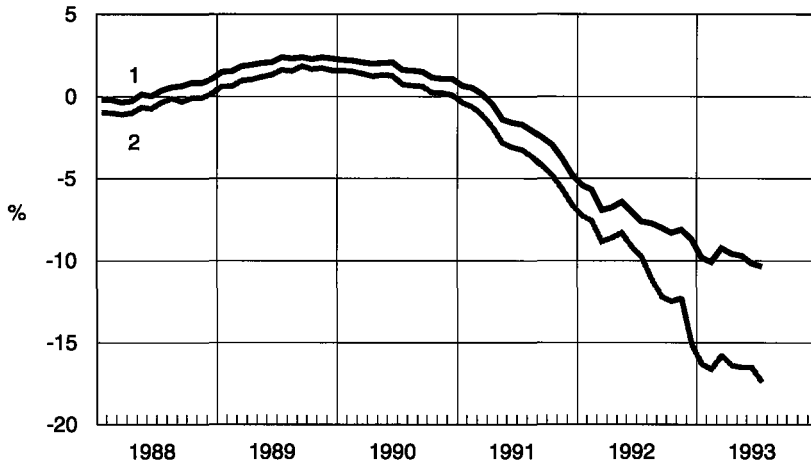
Change from the corresponding month of the previous year, per cent

31. CENTRAL GOVERNMENT FINANCES



1. Revenue excl. borrowing
2. Expenditure excl. redemptions of central government debt

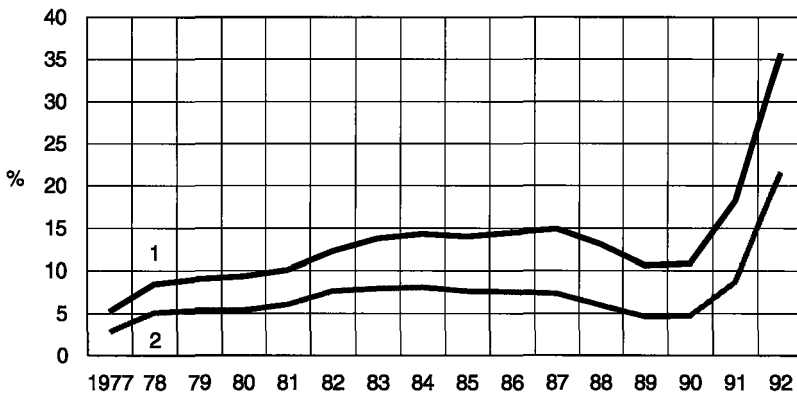
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



1. Revenue surplus (revenue less expenditure excl. financial transactions) (surplus = +)
2. Net borrowing requirement (net borrowing = -)

12-month moving total as a percentage of GDP, plotted at the last month

32. CENTRAL GOVERNMENT DEBT



1. Total debt
2. Of which: foreign currency-denominated debt

As a percentage of GDP

BANK OF FINLAND*

1 October 1993

THE PARLIAMENTARY SUPERVISORY BOARD

PENTTI MÄKI-HAKOLA, Chairman
JUSSI RANTA, Vice Chairman
KALEVI MATTILA

MAURI MIETTINEN
TUULIKKI HÄMÄLÄINEN
ANNELI JÄÄTTEENMÄKI

JÖRN DONNER
ESKO SEPPÄNEN
OLAVI ALA-NISSILÄ

THE BOARD OF MANAGEMENT

SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

DIRECTOR

PENTTI KOIVIKKO

UNITS

Accounting Department OSSI LEPPÄNEN

Administration Department URPO LEVO,
Building Manager BENGT PALMROOS

Central Bank Policy Department JOHNNY ÅKERHOLM

Data Processing Department RIITTA JOKINEN

Economics Department KARI PUUMANEN

Financial Markets Department

KAARLO JÄNNÄRI

Advisers: PETER NYBERG, RALF PAULI

Information ANTTI JUUSELA

Internal Audit Department TIMO MÄNNISTÖ

Legal Affairs ARNO LINDGREN

Market Operations Department MARKUS FOGELHOLM

Organization and Management Development
PIRKKO POHJOISAHO-AARTI

Payments and Settlement Department RAIMO HYVÄRINEN

Payment Instruments Department ANTTI HEINONEN

Personnel Department ANTON MÄKELÄ,
Project Manager ANNELI SOINI

Publication Services ANTERO ARIMO (acting head)

Research Department HEIKKI KOSKENKYLÄ

Security JYRKI AHVONEN

Statistical Services Department ESA OJANEN

Unit for Eastern European Economies KARI PEKONEN

Management Secretarial Staff HEIKKI T. HÄMÄLÄINEN,
Secretary to the Parliamentary Supervisory Board
and the Board of Management

BRANCH OFFICES

Jyväskylä, Kuopio, Lahti, Oulu, Tampere, Turku, Vaasa

SETEC OY (Security Printing House fully owned by the Bank of Finland)

VELI TARVAINEN, Managing Director

* Since 1 October 1993, the Financial Supervision Authority has functioned as an independent body in connection with the Bank of Finland.