



BANK OF FINLAND

Monthly Bulletin

Finland's net foreign debt and long-term capital flows

The balance of payments and foreign exchange policy in 1981

The new government

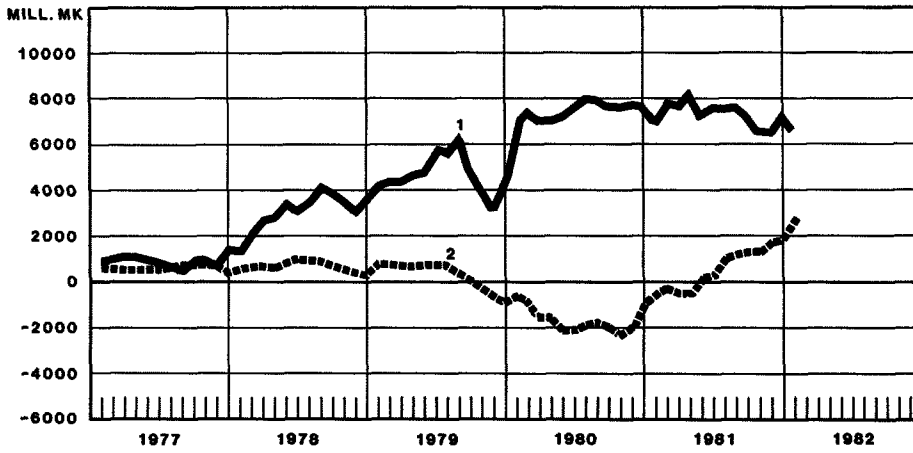
New appointments at the Bank of Finland

World Ice Hockey Championships 1982 commemorative coin

MARCH 1982

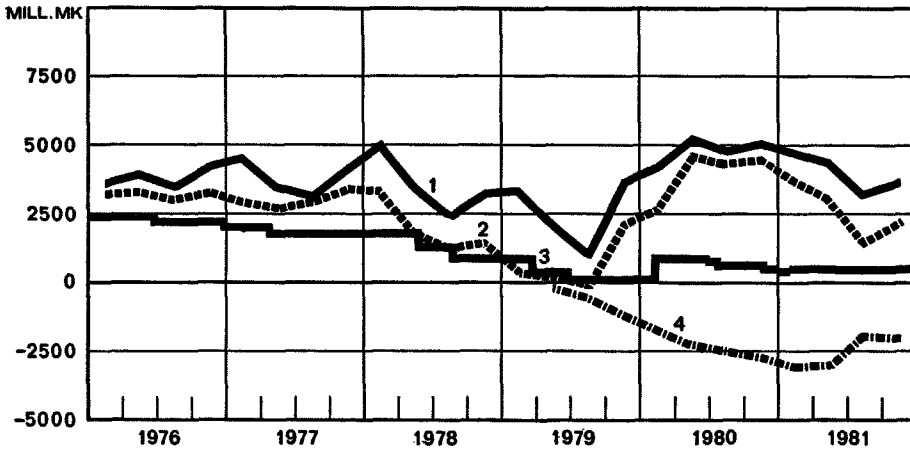
Vol. 56 No. 3

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1977 - 1982



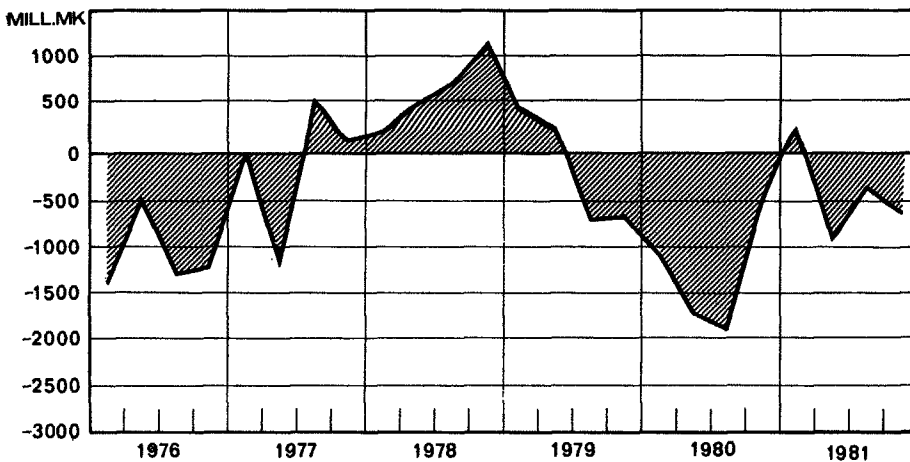
- 1. Gold and convertible currencies
- 2. Tied currencies

COMMERCIAL BANKS' CENTRAL BANK POSITION, 1976-81



- 1. Total central bank debt
 - 2. Actual central bank debt
 - 3. The quotas
 - 4. Cash reserve deposits
- Quarterly average of daily amounts (1, 2 and 4)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1976-81



Seasonally adjusted quarterly figures

FINLAND'S NET FOREIGN DEBT AND LONG-TERM CAPITAL FLOWS

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Foreign Financing Department
Bank of Finland

According to preliminary figures, the current account showed a deficit of 1 700 million marks for 1981, equivalent to 0.8 per cent of GDP. The deficit was smaller than expected, mainly because exports to the Socialist countries continued to expand while the volume of imports declined primarily as a result of a sharp reduction in imports of crude oil and other raw materials.

Finland's net foreign debt amounted to about 32 338 million marks at the end of 1981, an increase of about 4 350 million marks on the previous year. The net long-term debt increased by the same amount as the total net debt, or by about 4 350 million marks, of which some 2 000 million marks was attributable to the impact of exchange rate changes. By contrast, the net short-term debt remained unchanged.

The ratio of net foreign debt to GDP at market prices, which serves as an indicator of the level of indebtedness, did not change during 1981, and was 15.4 per cent at the end of the year. The ratio of debt service charges, i.e. redemptions and interest expenses, to current account earnings was unchanged at 10 per cent. Finland's credit-worthiness on international financial markets remained good.

At the end of 1981, Finland's gross long-term foreign debt amounted to about 42 554 million marks, which was about 6 032 million marks more than at the end of 1980. Of this increase, about 2 219 million marks was due to exchange rate changes. Forty-four per cent of Finland's

gross long-term debt was denominated in U.S. dollars, 11 per cent in Swiss francs, 11 per cent in deutschemarks and 8 per cent in Japanese yen. The remainder of the debt was distributed among some 20 other currencies.

The corporate sector imported long-term capital to a substantially greater extent than in the previous year. The sector's long-term foreign debt increased by about 2 511 million marks in 1981 and amounted to about 20 329 million marks — about 10 per cent of GDP — at the end of the year. The most significant investments financed by long-term foreign capital were in the paper, metal and chemical industries.

The central government's capital imports also increased from the previous year. The foreign debt of the central government grew by about

CHART 1. FINLAND'S NET FOREIGN DEBT AS A PERCENTAGE OF GDP AT MARKET PRICES

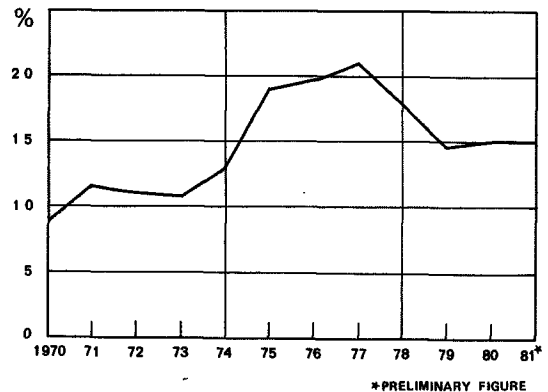
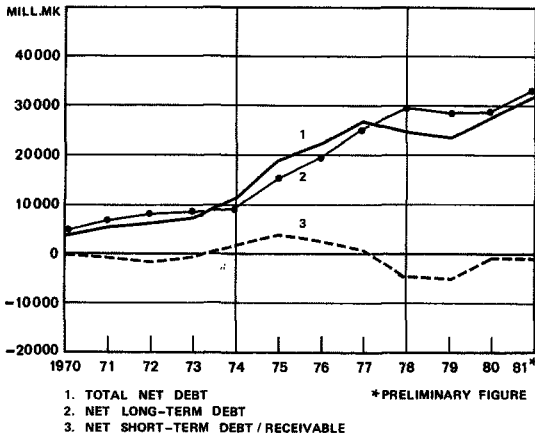


CHART 2. THE STRUCTURE OF FINLAND'S NET FOREIGN DEBT



Republic of Finland	DEM	100 million
Republic of Finland	JPY	20 000 million
Republic of Finland	GBP	50 million
Republic of Finland	USD	100 million
Republic of Finland	DEM	100 million
Finnish Export Credit Ltd	GBP	15 million
Finnish Export Credit Ltd	USD	50 million
Industrialization Fund of Finland Ltd	JPY	5 000 million
Industrial Bank of Finland Ltd	CHF	50 million
Enso-Gutzeit Oy	NLG	60 million

At the end of 1981, the total value of foreign direct investment assets in Finland stood at 2 183 million marks, 108 million marks more than one year earlier. There were 958 firms in Finland which were more than 20 per cent foreign-owned.

2 885 million marks in 1981, and at year's end amounted to about 13 016 million marks, which was about 6 per cent of GDP.

Finnish bond issues abroad totalled 2 323 million marks. The following 10 Finnish bond loans were drawn abroad in 1981:

The total value of direct investment assets held abroad by Finnish firms at the end of the year amounted to 3 426 million marks, which was 620 million marks more than at the end of the previous year. There were 1 095 firms abroad which were more than 20 per cent Finnish-owned.

February 23, 1982

	1981		1982			
	Feb. 27	Dec. 31	Feb. 8	Feb. 15	Feb. 23	Feb. 26
Assets						
Gold and foreign exchange receivables	8 080	9 463	9 643	9 276	9 603	10 014
Gold	1 073	1 382	1 382	1 382	1 382	1 382
Special drawing rights	521	632	595	595	595	595
IMF reserve tranche	380	394	394	394	394	394
Foreign bonds	1 812	1 405	1 358	1 314	1 192	1 096
Convertible currencies	4 191	3 686	2 739	2 561	3 139	3 682
Tied currencies	103	1 964	3 175	3 030	2 901	2 865
Other foreign receivables	1 540	1 606	1 606	1 606	1 606	1 606
Mark subscription to Finland's IMF quota	1 540	1 606	1 606	1 606	1 606	1 606
Receivables from financial institutions	5 358	3 690	3 447	5 121	4 062	3 696
Banks' cheque accounts	594	495	367	427	378	388
Call money market advances	3 651	1 796	1 619	3 284	2 255	1 972
Till-money credits	538	768	802	753	771	678
Bonds	546	594	624	624	624	625
Other financial institution receivables	29	37	35	33	34	33
Receivables from the public sector	1 095	1 236	937	948	955	970
Government promissory notes	354	354	—	—	—	—
Bonds	305	386	413	420	430	441
Total coinage	418	483	509	512	513	516
Other public sector receivables	18	13	15	16	12	13
Receivables from corporations	3 494	4 549	4 619	4 598	4 623	4 649
Financing of exports	1 480	1 754	1 677	1 654	1 670	1 694
Financing of domestic deliveries	1 698	2 111	2 219	2 221	2 232	2 234
Bonds	217	187	196	196	196	196
Other corporate receivables	99	497	527	527	525	525
Other assets	81	89	89	89	91	90
Total	19 648	20 633	20 341	21 638	20 940	21 025
Liabilities						
Foreign exchange liabilities	294	96	73	70	67	70
Convertible accounts	26	41	67	64	62	65
Tied accounts	268	55	6	6	5	5
Other foreign liabilities	2 560	2 597	2 561	2 561	3 238	3 244
IMF mark accounts	1 864	1 871	1 835	1 835	1 835	1 835
Allocations of special drawing rights	696	726	726	726	726	726
Term liabilities	—	—	—	—	677	683
Notes and coins in circulation	4 661	5 595	5 143	5 114	5 118	5 272
Notes	4 289	5 152	4 713	4 685	4 683	4 830
Coins	372	443	430	429	435	442
Deposit certificates in circulation	1 500	1 600	1 800	2 600	2 400	400
Claims of financial institutions	4 583	3 797	3 884	4 380	3 198	4 923
Banks' cheque accounts	1	0	1	0	9	0
Call money market deposits	975	1 080	1 020	1 532	330	2 020
Cash reserve deposits	3 469	2 492	2 605	2 590	2 590	2 638
Capital import deposits	92	201	243	237	238	239
Other financial institution claims	46	24	15	21	31	26
Claims of the public sector	647	578	435	435	435	435
Cheque accounts	1	1	1	0	0	0
Counter-cyclical reserves	545	433	387	387	387	387
Counter-cyclical deposits	71	143	3	3	3	3
Capital import deposits	8	—	43	44	44	44
Other public sector claims	22	1	1	1	1	1
Claims of corporations	984	1 433	1 419	1 416	1 399	1 589
Deposits for investment and ship purchase	768	1 425	1 410	1 406	1 389	1 392
Capital import deposits	59	—	—	—	—	188
Export deposits	151	0	—	—	—	—
Other corporate claims	6	8	9	10	10	9
Other liabilities	14	15	17	13	15	14
Equalization accounts	2 112	609	685	722	740	744
Capital accounts	2 293	4 313	4 324	4 327	4 330	4 334
Primary capital	1 400	3 000	3 000	3 000	3 000	3 000
Reserve fund	750	750	1 032	1 032	1 032	1 032
Undisposed profits	113	—	281	281	281	281
Net earnings	30	563	11	14	17	21
Total	19 648	20 633	20 341	21 638	20 940	21 025

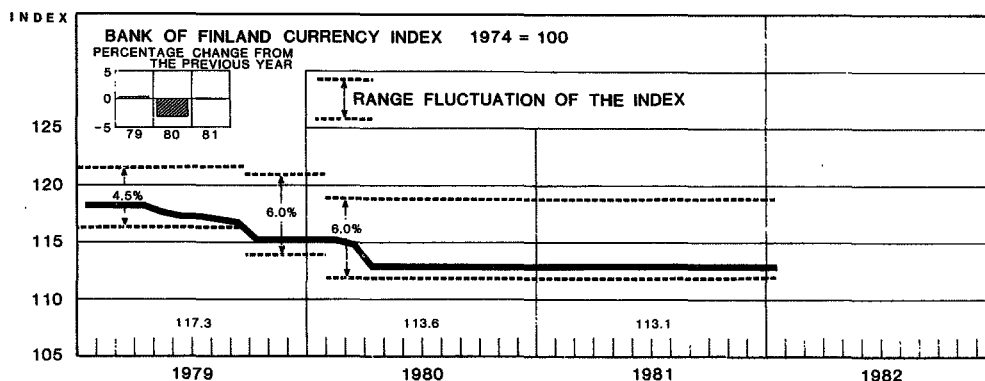
End of year or month	Foreign sector							Public sector				Deposit certificates in circulation
	Gold SDR, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)		
	1	2	3	4	5	6	7	8	9	10	11	
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	—	
1977	337	543	1 212	2 092	496	-2 031	557	391	328	-63	200	
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090	
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700	
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900	
1981	2 408	1 405	3 645	7 458	1 909	-991	8 376	1 236	578	-658	1 600	
1981												
Feb.	1 974	1 812	4 165	7 951	-165	-1 020	6 766	1 095	647	-448	1 500	
March	1 974	1 764	4 107	7 845	-363	-1 020	6 462	1 112	656	-456	1 800	
April	1 974	1 726	4 698	8 398	-349	-1 020	7 029	1 116	667	-449	1 300	
May	1 974	1 708	3 777	7 459	315	-1 020	6 754	1 161	680	-481	300	
June	1 974	1 422	4 331	7 727	437	-1 020	7 144	1 155	696	-459	700	
July	2 150	1 400	4 109	7 659	1 166	-1 020	7 805	1 186	731	-455	600	
Aug.	2 142	1 420	4 154	7 716	1 362	-1 020	8 058	1 209	747	-462	450	
Sept.	2 129	1 582	3 687	7 398	1 435	-1 007	7 826	1 198	727	-471	450	
Oct.	2 131	1 597	2 908	6 636	1 472	-1 007	7 101	1 213	698	-515	750	
Nov.	2 090	1 498	3 065	6 653	1 878	-970	7 561	1 196	699	-497	1 550	
Dec.	2 408	1 405	3 645	7 458	1 909	-991	8 376	1 236	578	-658	1 600	
1982												
Jan.	2 408	1 381	2 828	6 617	2 832	-991	8 458	1 262	434	-828	1 000	
Feb.	2 371	1 096	3 617	7 084	2 860	-1 638	8 306	970	435	-535	400	

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1980			Net holdings, Dec. 31, 1981			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Dec.	Jan.-Dec.
Gold	1 073	—	1 073	1 382	—	1 382	+307	+309
Special drawing rights	397	—	397	632	—	632	-3	+235
IMF reserve tranche	380	—	380	394	—	394	+14	+14
Foreign bonds	2 125	—	2 125	1 405	—	1 405	-93	-720
Convertible currencies	3 823	-7 194	-3 371	3 646	-7 748	-4 102	-265	-731
Total	7 798	-7 194	604	7 459	-7 748	-289	-40	-893
Tied currencies	-757	-67	-824	1 909	-122	1 787	+18	+2 611
Grand total	7 041	-7 261	-220	9 368	-7 870	1 498	-22	+1 718

End of year or month	Domestic financial sector							Corporate sector			Notes and coins in circulation
	Dis-counted and re-dis-counted bills	Cheque account receiv-ables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabili-ties, net	Net receiv-ables (1+2+3-4-5-6)	Perma-nent special financing schemes	Liabili-ties, net	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1981	—	495	1 796	1 080	2 492	-1 174	-107	3 865	749	3 116	5 595
1981											
Feb.	—	593	3 651	975	3 469	-975	775	3 178	668	2 510	4 661
March	—	620	4 978	1 610	3 472	-1 188	1 704	3 249	724	2 525	4 960
April	—	550	3 197	925	3 055	-1 141	908	3 290	782	2 508	5 033
May	—	576	2 717	1 340	2 783	-1 131	301	3 340	797	2 543	5 082
June	—	603	2 635	1 430	2 346	-1 303	765	3 441	1 167	2 274	5 212
July	—	610	1 876	1 240	2 396	-1 186	36	3 525	1 228	2 297	5 166
Aug.	—	610	1 916	1 770	2 429	-1 348	-325	3 517	1 263	2 254	5 089
Sept.	—	535	1 994	1 380	2 464	-1 155	-160	3 649	1 308	2 341	5 023
Oct.	—	561	2 443	780	2 469	-1 164	919	3 786	1 327	2 459	5 131
Nov.	—	607	3 218	1 430	2 476	-1 226	1 145	3 829	1 124	2 705	5 201
Dec.	—	495	1 796	1 080	2 492	-1 174	-107	3 865	749	3 116	5 595
1982											
Jan.	—	521	979	1 380	2 605	-1 119	-1 366	3 927	703	3 224	5 257
Feb.	—	388	1 972	2 020	2 638	-1 071	-1 227	3 928	868	3 060	5 272



MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks mill. mk	Cash reserve deposits of the commercial banks mill. mk	Bank of Finland placements in the call money market, mill. mk	Base rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9	10
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03
1980	4 963	4 097	783	2 542	2 220	3 313	9.20	12.38	12.37	9.77
1981	4 087	2 754	595	2 795	2 442	2 161	9.25	11.48	11.61	9.84

1981

Feb.	4 976	3 905	600	3 443	3 033	3 307	9.25	12.50	12.82	9.84
March	5 039	4 026	600	3 458	3 022	3 429	9.25	11.72	12.89	9.85
April	5 838	3 974	600	3 259	2 829	3 377	9.25	10.57	10.26	9.85
May	3 950	2 848	600	2 918	2 523	2 249	9.25	11.00	11.20	9.86
June	3 658	2 634	600	2 569	2 228	2 036	9.25	11.00	10.96	9.85
July	3 513	1 760	600	2 346	2 052	1 161	9.25	11.00	10.73	9.85
Aug.	3 115	1 678	600	2 393	2 099	1 080	9.25	11.45	10.58	9.85
Sept.	3 265	1 558	600	2 428	2 126	959	9.25	11.50	11.05	9.81
Oct.	3 544	2 032	600	2 459	2 151	1 434	9.25	11.50	11.37	9.81
Nov.	3 533	2 092	600	2 465	2 157	1 494	9.25	11.50	11.26	9.82
Dec.	3 941	2 850	600	2 473	2 164	2 253	9.25	11.30	11.74	9.84

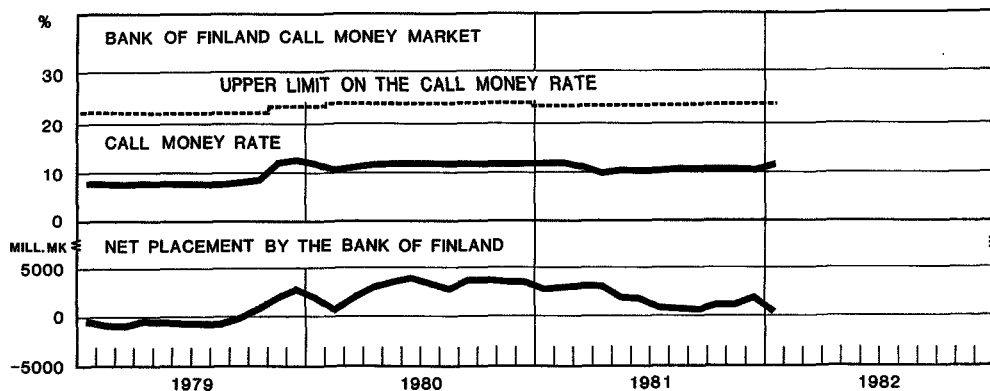
1982

Jan.	2 526	1 163	600	2 502	2 194	567	9.25	12.30	10.86	..
Feb.	2 760	1 518	400	2 603	2 286	1 121	9.25	12.45

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

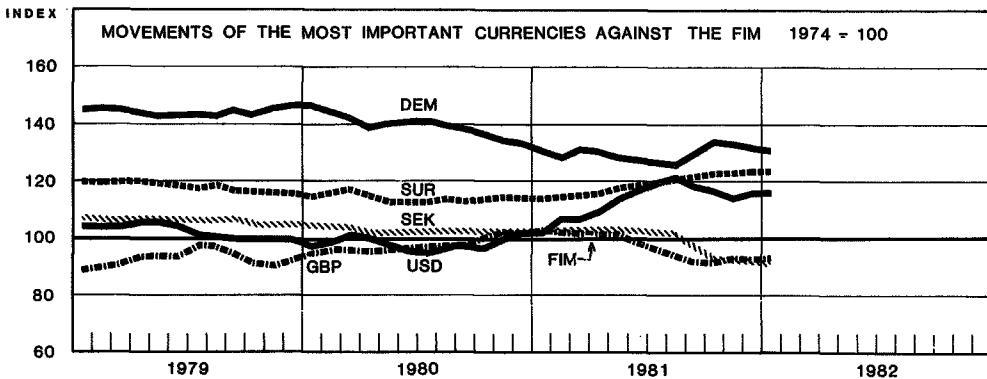


FOREIGN EXCHANGE RATES

Mill. mk

Average selling rates for foreign exchange, mk

Period	Average selling rates for foreign exchange, mk									Currency index 1974=100
	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 CI Rbl SUR	
	1	2	3	4	5	6	7	8	9	10
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1979	3.896	8.275	91.12	77.22	74.38	212.75	234.36	91.88	5.941	117.3
1980	3.730	8.691	88.43	75.81	66.53	205.58	222.87	88.65	5.741	113.6
1981	4.315	8.731	85.74	75.54	60.96	191.31	220.34	79.92	5.986	113.1
1981										
Feb.	4.073	9.358	88.59	75.50	61.88	189.90	209.14	82.18	5.779	113.1
March	4.072	9.098	88.65	75.78	61.78	193.33	211.94	82.26	5.810	113.1
April	4.151	9.061	88.76	76.20	61.37	192.38	210.91	81.66	5.825	113.1
May	4.321	9.047	88.51	76.52	60.18	188.58	209.60	79.04	5.922	113.1
June	4.448	8.805	88.34	75.62	59.90	187.41	214.73	78.97	5.951	113.1
July	4.543	8.546	87.97	74.82	59.78	186.54	217.10	78.75	6.028	113.1
Aug.	4.629	8.445	87.59	75.24	59.23	185.36	213.77	77.77	6.078	113.1
Sept.	4.504	8.197	83.48	75.79	61.25	191.31	222.42	80.18	6.127	113.1
Oct.	4.424	8.173	80.19	75.19	61.61	196.84	234.86	79.05	6.165	113.1
Nov.	4.354	8.301	79.70	75.18	61.11	195.91	244.06	79.98	6.188	113.1
Dec.	4.375	8.368	79.24	75.96	60.07	194.01	241.26	76.96	6.207	113.1
1982										
Jan.	4.409	8.339	78.84	75.55	59.24	192.69	239.40	76.09	6.215	113.1
Feb.	4.515	8.352	78.49	75.76	58.03	191.08	239.02	75.25	6.265	113.1



DEPOSITS BY THE PUBLIC

Mill. mk

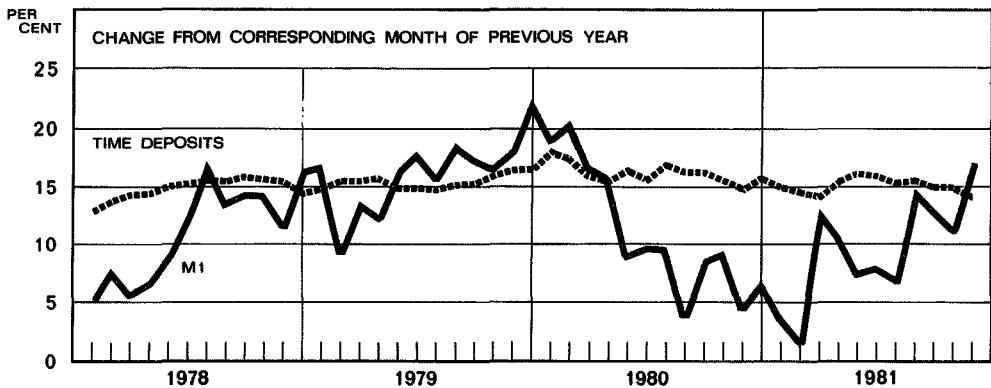
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All deposit banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584
1980	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180

1980

Nov.	4 410	2 155	2 669	9 234	21 658	19 618	15 416	6 256	62 948	72 182
Dec.	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180

1981

Jan.	4 519	2 183	3 011	9 713	22 516	20 394	16 164	6 440	65 514	75 227
Feb.	3 999	2 123	2 848	8 970	22 492	20 683	16 485	6 578	66 238	75 208
March	4 522	2 036	3 913	10 471	22 405	20 581	16 420	6 652	66 058	76 529
April	4 552	2 189	3 366	10 107	23 119	20 851	16 673	6 732	67 375	77 482
May	4 334	2 391	3 035	9 760	23 800	21 177	16 919	6 769	68 665	78 425
June	5 424	2 434	2 956	10 814	23 803	21 451	17 094	6 863	69 211	80 025
July	4 728	2 577	3 102	10 407	24 316	21 818	17 485	6 957	70 576	80 983
Aug.	5 076	2 716	3 194	10 986	24 554	22 012	17 596	7 053	71 215	82 201
Sept.	5 070	2 804	3 226	11 100	24 239	22 056	17 723	7 058	71 076	82 176
Oct.	4 964	2 689	3 245	10 898	24 706	22 221	17 749	7 060	71 736	82 634
Nov.	5 386	2 689	3 115	11 190	24 732	22 280	17 892	7 080	71 984	83 174



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

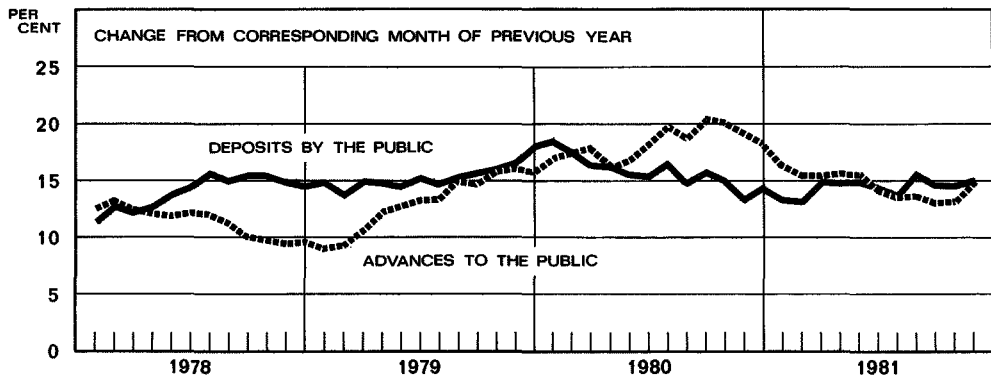
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi- Money
	1	2	3	4	5	6	7		8	9
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157
1980	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601

1980

Nov.	35 789	18 920	16 491	10 166	69 911	2 543	8 912	81 366	13 757	78 488
Dec.	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601

1981

Jan.	35 612	19 269	16 849	10 004	70 763	2 564	8 407	81 734	14 307	81 615
Feb.	36 102	19 462	17 015	9 978	71 487	2 865	8 205	82 557	13 649	81 707
March	36 904	19 617	17 211	9 977	72 291	2 884	8 534	83 709	15 093	82 994
April	37 444	19 751	17 421	10 120	73 015	2 884	8 837	84 736	14 852	84 105
May	38 034	20 004	17 704	10 149	73 769	2 912	9 210	85 891	14 634	85 186
June	38 541	20 278	18 039	10 502	74 629	3 044	9 687	87 360	15 763	87 304
July	38 494	20 570	18 358	10 876	75 599	2 940	9 759	88 298	15 465	88 405
Aug.	39 011	20 845	18 686	10 474	76 295	2 948	9 773	89 016	15 856	89 507
Sept.	39 325	21 199	19 079	10 773	77 556	3 128	9 692	90 376	16 045	89 787
Oct.	40 172	21 466	19 363	10 797	78 871	3 168	9 759	91 798	15 876	90 234
Nov.	41 040	21 732	19 730	11 129	80 208	3 495	9 928	93 631	16 128	90 514



STATE FINANCES

Mill. mk

Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1980	1981		1980	1981
Income and wealth tax (net)	12 784	16 134	Wages, salaries, pensions etc.	7 223	8 353
Gross receipts	(31 782)	(37 218)	Repair and maintenance	948	1 074
Refunds & local authorities	(-18 998)	(-21 084)	Other consumption expenditure	4 176	4 748
Other taxes on income and wealth	277	281	Total consumption expenditure	12 347	14 175
Employers' child allowance payments	98	58	State aid to local authorities	9 237	10 661
Sales tax	10 539	12 484	State aid to industries	6 622	7 477
Customs duties and import charges and levies	1 264	1 292	of which: agric. price subsidies	(2 557)	(3 245)
Excise duties	8 022	9 117	Child allowances	1 431	1 668
Excise duty on alcoholic beverages	2 405	2 743	Share in national pensions and sickness insurance schemes	486	504
Excise duty on tobacco	1 026	1 142	Other transfer expenditure	5 315	6 420
Excise duty on liquid fuel	2 596	2 761	Total transfer expenditure	23 091	26 730
Other excise duties	1 995	2 471	Machinery and equipment	1 257	1 467
Tax on autom. and motor-cycles	1 282	1 517	Construction of buildings	701	703
Stamp duties	931	1 082	Land and waterway construction	1 714	1 841
Special diesel etc. vehicles tax	151	174	Total real investment	3 672	4 011
Other taxes and similar revenue	967	1 155	Interest on State debt	973	1 284
Total taxes	36 315	43 294	Net deficit of State enterprises	-267	-128
Miscellaneous revenue	2 828	3 105	Other expenditure	11	24
Interest, dividends etc.	865	977	Total other expenditure	717	1 180
Redemptions of loans granted	610	776	Increase in inventories	227	-122
Total revenue	40 618	48 152	Lending	3 047	3 003
Foreign borrowing	1 790	2 635	Other financial investment	421	497
Domestic borrowing	2 892	2 409	Total expenditure	43 522	49 474
Total borrowing	4 682	5 044	Redemption of foreign loans	186	352
Deficit (+) or surplus (-)	-386	-2 021	Redemption of domestic loans	1 206	1 349
Total	44 914	51 175	Total redemptions	1 392	1 701
			Total	44 914	51 175

State debt	1978	1979	1980	1981		
	Dec.	Dec.		Dec.	Sept.	Oct.
Foreign debt	7 360	8 964	10 341	12 427	12 713	13 485
Loans	4 607	6 050	7 585	8 338	8 414	8 516
Compensatory obligations	1	—	—	—	—	—
Short-term credit	259	204	17	113	13	19
Cash debt (net)	-735	-596	-823	-1 214	-893	-961
Domestic debt	4 132	5 658	6 779	7 237	7 534	7 574
Total State debt	11 492	14 622	17 120	19 664	20 247	21 059
Total debt mill \$	2 859	3 915	4 422	4 366	4 581	4 837

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792
1980*	52 795	58 250	-5 455
1981*	60 314	61 263	-949

1981*

Jan.	4 998	4 495	+503
Feb.	4 434	4 400	+34
March	5 041	4 617	+424
April	4 657	4 916	-259
May	5 540	5 907	-367
June	5 309	4 858	+451
July	4 246	4 412	-166
Aug.	4 776	5 941	-1 165
Sept.	5 098	5 290	-192
Oct.	5 626	5 217	+409
Nov.	5 640	5 503	+137
Dec.	4 949	5 707	-758

Indices of exports and imports
1975 = 100

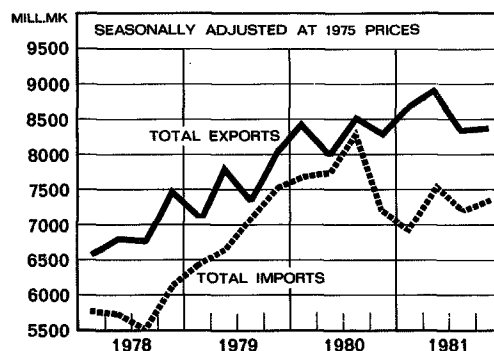
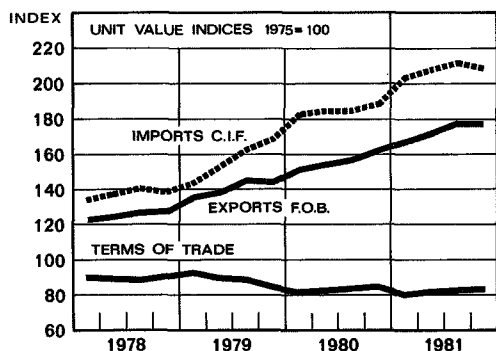
Period	Indices of exports and imports 1975 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1976	117	96	103	107	69
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89
1980*	165	112	158	186	85
1981*	170	105	175	208	84

1980*

Jan.-March	166	105	152	184	83
Apr.-June	158	106	156	186	84
July-Sept.	160	120	159	186	85
Oct.-Dec.	177	112	164	190	86

1981*

Jan.-March	169	94	169	205	82
Apr.-June	177	107	173	209	83
July-Sept.	156	105	179	213	84
Oct.-Dec.	179	112	179	210	85



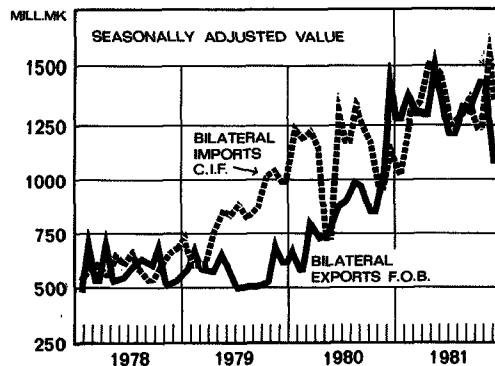
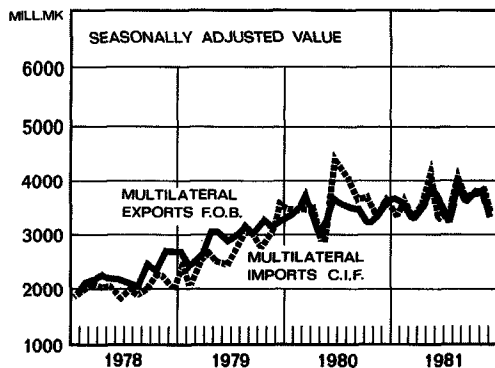
FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91
1980*	1 403	7 742	15 751	11 546	16 353	38 622	4 088	7 989	7 440	111
1981*	2 036	6 854	17 128	14 861	19 435	39 149	5 113	8 879	8 016	106

1981*

Jan.	392	592	1 341	1 295	1 378	2 727	283	818	665	2
Feb.	104	526	1 324	1 045	1 435	2 828	238	619	701	14
March	299	557	1 387	1 069	1 729	2 933	209	799	669	7
April	72	570	1 502	1 050	1 463	3 126	271	750	767	2
May	318	644	1 378	1 678	1 522	4 209	344	682	668	4
June	89	717	1 363	1 371	1 769	2 993	621	665	565	14
July	87	504	1 453	1 164	1 038	2 640	588	614	537	33
Aug.	95	515	1 316	918	1 932	3 584	644	1 035	671	7
Sept.	103	536	1 560	1 028	1 871	3 461	561	590	674	4
Oct.	82	574	1 589	1 511	1 870	3 223	454	777	759	4
Nov.	70	579	1 514	1 513	1 964	3 613	474	705	707	4
Dec.	325	540	1 401	1 219	1 464	3 812	426	825	633	11



FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January-December				January-December			
	1980*		1981*		1980*		1981*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	63.7	33 615	56.7	34 192	52.1	30 352	50.5	30 919
Austria	0.7	391	0.6	370	1.2	693	1.2	716
Belgium and Luxembourg	1.5	765	1.5	911	1.7	976	1.7	1 051
Denmark	3.5	1 840	3.3	2 000	2.4	1 394	2.2	1 336
France	4.5	2 389	3.9	2 379	3.0	1 778	3.1	1 932
Federal Republic of Germany	10.6	5 606	9.1	5 507	12.6	7 348	12.1	7 449
Italy	2.4	1 265	1.9	1 169	2.4	1 387	2.3	1 379
Netherlands	4.3	2 259	3.4	2 053	2.5	1 474	2.6	1 606
Norway	4.2	2 206	4.7	2 840	2.1	1 224	2.5	1 529
Portugal	0.3	177	0.3	181	0.5	280	0.5	279
Spain	0.9	467	0.8	464	0.9	521	0.6	403
Sweden	16.5	8 718	13.4	8 058	12.1	7 031	11.3	6 918
Switzerland	1.6	843	1.4	816	1.6	924	1.7	1 025
United Kingdom	11.3	5 940	10.7	6 422	8.6	5 005	8.1	4 935
Other	1.4	749	1.7	1 022	0.5	317	0.6	361
OECD countries outside Europe	5.3	2 807	6.2	3 733	10.0	5 792	12.1	7 425
Canada	0.5	250	0.7	408	0.7	425	0.7	430
Japan	0.7	353	0.9	515	3.3	1 890	3.6	2 213
United States	3.1	1 667	3.7	2 230	5.8	3 373	7.5	4 580
Other	1.0	537	0.9	580	0.2	104	0.3	202
CMEA countries	19.9	10 523	26.5	15 987	24.7	14 399	26.9	16 467
Czechoslovakia	0.3	151	0.3	171	0.5	296	0.6	360
German Democratic Republic	0.6	331	0.7	405	0.6	328	0.6	376
Poland	0.4	237	0.1	79	1.7	997	1.2	762
Soviet Union	17.6	9 303	24.7	14 924	21.0	12 233	23.5	14 378
Other	1.0	501	0.7	408	0.9	545	1.0	591
Latin America	2.1	1 095	2.0	1 222	2.4	1 418	1.9	1 186
Argentina	0.5	239	0.3	207	0.1	62	0.1	71
Brazil	0.4	209	0.3	182	0.7	396	0.6	370
Colombia	0.1	63	0.1	84	0.7	441	0.5	293
Other	1.1	584	1.3	749	0.9	519	0.7	452
Other	9.0	4 755	8.6	5 180	10.8	6 289	8.6	5 266
GRAND TOTAL	100.0	52 795	100.0	60 314	100.0	58 250	100.0	61 263
of which								
EFTA countries	23.5	12 423	20.5	12 345	17.6	10 250	17.2	10 550
EEC countries	38.6	20 389	35.2	21 233	33.4	19 478	32.7	20 021
OECD countries	69.0	36 422	62.9	37 925	62.1	36 144	62.6	38 344

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income net	Unrequited transfers net	Other, net	Current account
1978	35 068	32 600	+2 468	+2 024	+141	+803	+5 436	-2 713	-211	+94	+2 606
1979	43 302	44 430	-1 128	+3 010	+157	+359	+2 398	-2 840	-430	+111	-761
1980*	52 860	58 315	-5 455	+3 029	+324	+605	-1 497	-3 308	-451	+70	-5 186
1981*	60 280	61 600	-1 320	+3 450	+400	+420	+2 950	-4 300	-400	+50	-1 700

1978

Oct.-Dec.	10 406	9 163	+1 243	+588	-8	+273	+2 096	-746	-49	+31	+1 332
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1979

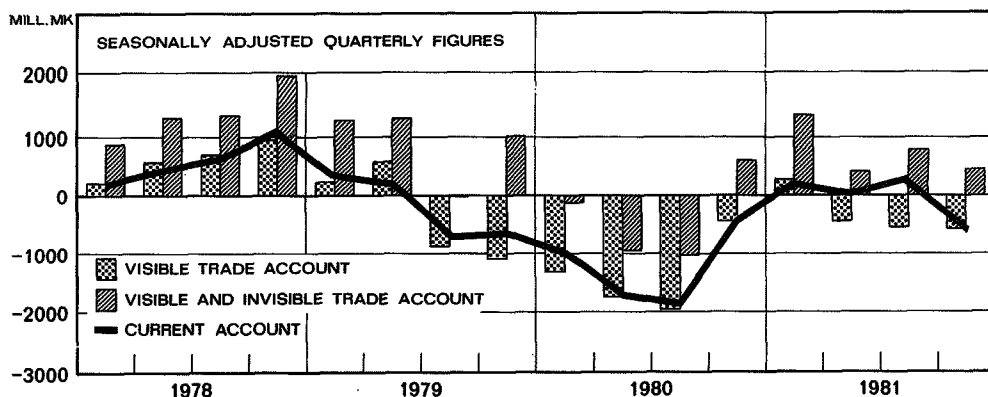
Jan.-March	9 683	9 168	+515	+652	-112	+318	+1 373	-656	-204	+24	+537
Apr.-June	10 847	10 193	+654	+745	+13	-71	+1 341	-963	-91	+25	+312
July-Sept.	10 210	11 573	-1 363	+792	+251	+76	-244	-671	-51	+33	-933
Oct.-Dec.	12 562	13 496	-934	+821	+5	+36	-72	-550	-84	+29	-677

1980*

Jan.-March	12 787	13 608	-821	+870	-102	+326	+273	-787	-168	+6	-676
Apr.-June	12 470	14 027	-1 557	+557	+81	+103	-816	-723	-99	+34	-1 604
July-Sept.	12 865	15 641	-2 776	+845	+299	+119	-1 513	-765	-101	+12	-2 367
Oct.-Dec.	14 738	15 039	-301	+767	+46	+57	+559	-1 033	-83	+18	-539

1981*

Jan.-March	14 472	13 613	+859	+904	-79	+78	+1 762	-998	-109	-7	+648
Apr.-June	15 495	15 764	-269	+916	+85	-154	+578	-1 259	-105	+6	-780
July-Sept.	14 103	15 711	-1 608	+887	+445	+382	+106	-1 015	-104	+10	-1 003
Oct.-Dec.	16 210	16 512	-302	+743	-51	+114	+504	-1 028	-82	+41	-565



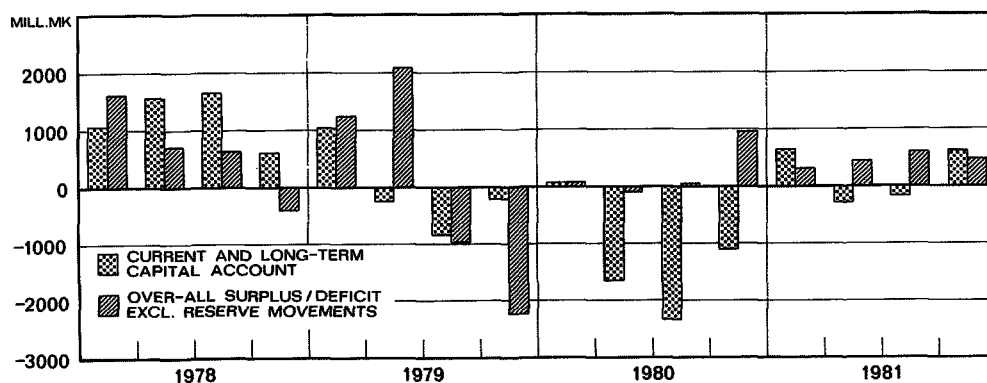
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net ²	Miscellaneous, short-term capital terms, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ²	Bank of Finland foreign exchange reserves
+9 007	-5 743	-774	-225	+2 265	+4 871	+130	-2 188	-703	+479	+2 589	-2 589
+6 230	-4 843	-541	-337	+509	-252	+831	-834	+1 211	-834	+122	-122
+5 183	-4 140	-433	-428	+182	-5 004	+3 255	-967	+3 930	-219	+995	-995
+8 312	-4 643	-518	-651	+2 500	+800	-860	+1 820	+100	-57	+1 803	-1 803
+1 966	-2 067	-511	-119	-731	+601	+261	-692	-17	-549	-396	+396
+2 202	-1 626	-8	-46	+522	+1 059	-19	-63	+819	-564 ³	+1 232	-1 232
+1 267	-1 453	-218	-174	-578	-266	+39	-62	+1 966	+423	+2 100	-2 100
+1 258	-892	-336	+70	+100	-833	+422	-354	-1 100	+880	-985	+985
+1 503	-872	+21	-187	+465	-212	+389	-355	-474	-1 573	-2 225	+2 225
+2 108	-1 113	-171	-65	+759	+83	+302	-31	+518	-789 ³	+83	-83
+1 076	-997	-39	-86	-46	-1 650	+1 498	-32	+1 666	-1 577	-95	+95
+1 126	-913	-36	-146	+31	-2 336	+711	-452	+1 189	+942	+54	-54
+873	-1 117	-187	-131	-562	-1 101	+744	-452	+557	+1 205	+953	-953
+1 404	-955	-227	-232	-10	+638	-526	+789	+143	-735 ³	+309	-309
+1 948	-1 213	+11	-248	+498	-282	+788	+790	+70	-936	+430	-430
+1 932	-797	-91	-209	+835	-168	+51	-137	-582	+1 423	+587	-587
+3 028	-1 678	-211	+38	+1 177	+612	-1 173	+378	+469	+191	+477	-477

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

¹ Including Direct investment, net.

² Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.

³ Including Allocations of Special drawing rights 139 million in 1979, 133 million in 1980 and 131 million in 1981.

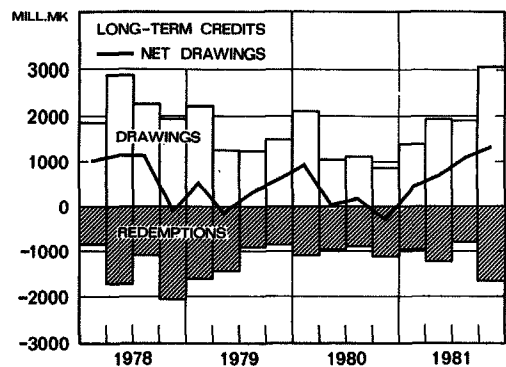
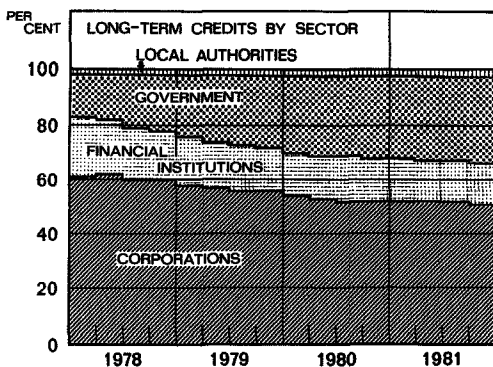


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1981*	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
1978										
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979										
March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*										
March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
June	3 534	2 539	967	7 040	28 887	4 517	1 990	268	35 662	28 622
Sept.	3 594	2 649	972	7 215	29 251	4 482	2 029	278	36 040	28 825
Dec.	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1981*										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955
Sept.	4 559	3 329	1 282	9 170	34 414	4 377	2 168	392	41 351	32 181
Dec.	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138

See explanations on page 22.

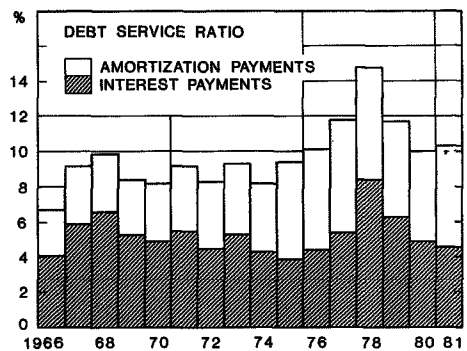
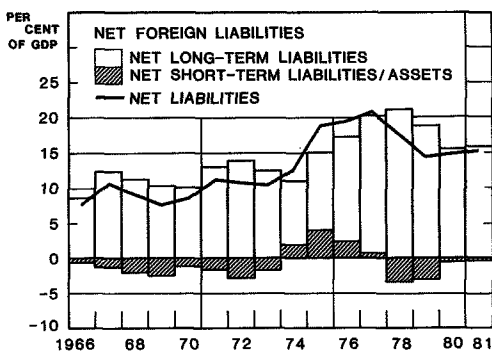


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10+19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
6 545	4 731	8 698	19 974	1 478	6 379	7 309	15 166	-4 808	24 852	6 623	3 769
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	6 457	3 472
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	6 716	3 274
11 362	12 560	12 278	36 200	2 427	19 800	13 173	35 400	-800	32 338	7 937	3 567
6 545	4 731	8 698	19 974	1 478	6 379	7 309	15 166	-4 808	24 852	2 109	1 333
7 804	4 187	8 845	20 836	1 611	6 692	7 332	15 635	-5 201	24 761	1 970	1 284
9 871	4 053	9 131	23 055	1 604	8 404	7 476	17 484	-5 571	23 216	2 085	1 082
8 601	4 205	9 508	22 314	1 579	7 620	7 808	17 007	-5 307	22 824	1 315	604
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	1 087	502
8 708	6 936	10 224	25 868	3 113	10 179	7 865	21 157	-4 711	24 349	1 756	937
9 279	7 133	10 509	26 921	3 727	11 970	9 545	25 242	-1 679	26 943	1 518	730
9 250	7 478	11 469	28 197	3 605	13 539	10 567	27 711	-486	28 339	1 554	761
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	1 888	846
9 701	9 629	12 357	31 687	2 680	16 542	12 332	31 554	-133	28 997	1 749	732
10 125	10 853	12 299	33 277	2 437	18 080	14 037	34 554	1 277	32 232	2 170	897
10 817	11 776	12 288	34 881	2 403	18 487	14 227	35 117	236	32 417	1 631	595
11 362	12 560	12 278	36 200	2 427	19 800	13 173	35 400	-800	32 338	2 387	1 343

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100						Building costs 1980 = 100 ¹		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1979	791	138.0	135.0	148.7	133.1	150.7	139.2			
1980	919	160.7	156.6	175.0	160.1	167.7	155.9	100.0	100.0	100.0
1981	1 044	182.4	178.6	196.0	185.3	185.3	173.3	110.1	109.6	110.0
1981										
May	1 037	181.3	177.1	196.1	184.6	183.3	171.7	108.9	109.6	108.4
June	1 042	182.1	177.7	197.7	185.2	184.8	172.4	109.7	109.6	109.5
July	1 048	183.1	179.0	197.5	185.7	187.0	173.8	110.3	109.6	110.4
Aug.	1 057	184.7	180.5	199.5	187.5	187.9	175.3	110.4	109.6	110.6
Sept.	1 064	185.9	181.9	200.2	189.0	189.8	175.3	112.2	112.8	111.8
Oct.	1 070	187.0	183.6	199.0	189.4	191.7	177.5	113.0	112.8	112.9
Nov.	1 085	189.6	187.2	197.7	193.0	192.2	179.1	113.1	112.8	112.8
Dec.	1 087	190.0	187.6	198.5	193.6	192.6	179.3	113.3	112.8	113.1
1982										
Jan.	1 095	191.4	189.3	198.7	195.3	194.2	179.8	113.9	113.0	113.8

¹ New series.

Period	Consumer prices 1977 = 100										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4
1980	129.3	122.8	140.9	131.9	122.4	141.1	127.4	137.6	136.4	123.4	132.6
1981	144.8	138.9	157.4	146.6	140.4	168.1	138.0	150.1	148.9	136.3	150.8
1981											
May	144.4	137.1	157.4	146.2	142.1	168.0	137.2	148.3	148.5	135.7	150.1
June	145.3	138.4	157.8	146.4	142.1	168.3	137.4	150.3	149.7	137.1	151.0
July	145.7	140.1	157.9	144.4	142.1	168.6	137.9	152.5	150.2	137.0	151.7
Aug.	146.2	139.8	157.9	146.7	142.1	171.5	138.6	152.6	150.0	139.2	152.2
Sept.	148.1	144.7	158.0	149.5	142.1	172.6	139.9	152.6	152.3	139.7	153.0
Oct.	149.4	146.4	158.0	150.6	146.7	172.8	141.1	154.2	151.3	140.2	154.4
Nov.	149.4	146.0	158.0	151.4	146.7	173.7	141.3	154.3	151.1	140.9	154.7
Dec.	149.9	145.6	158.0	151.9	147.2	177.9	141.7	154.9	152.4	141.1	154.9
1982											
Jan.	152.4	146.2	176.4	148.4	147.2	181.6	142.3	159.4	155.7	141.6	158.8

WAGES

Index of wage and salary earnings 1975 = 100

Period	By industries				By institutional sectors			All salary earners	All wage earners	All employees
	Wage earners in			Employees in services	State employees	Municipal employees	Employees in private sector			
	Agri-culture	Industry	Con-struction							
1979	161.6	151.6	132.8	149.5	145.6	142.6	150.8	148.6	149.3	148.9
1980*	178.6	170.4	146.3	165.8	161.9	156.1	169.8	166.1	167.3	166.7
1980*										
July-Sept.	178.3	170.6	147.1	166.0	162.8	156.2	170.9	167.3	168.0	167.6
Oct.-Dec.	189.3	178.9	153.9	173.7	169.8	162.8	178.8	174.6	175.9	175.3
1981*										
Jan.-March	191.0	183.1	158.1	179.0	176.9	168.9	182.7	179.5	180.3	179.9
Apr.-June	199.6	194.3	163.8	184.9	182.4	173.4	191.8	186.2	189.5	187.8
July-Sept.	202.3	195.2	165.8	187.4	184.1	175.4	193.9	188.5	191.3	189.9

PRODUCTION

Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1979										
July-Sept.	106	105	161	70	97	86	113	103	120	109
Oct.-Dec.	119	126	77	148	119	90	127	111	122	115
1980*										
Jan.-March	112	126	73	145	79	87	110	96	124	112
Apr.-June	114	126	83	139	79	89	112	104	124	117
July-Sept.	115	116	187	89	111	86	123	106	125	113
Oct.-Dec.	124	135	80	152	121	86	131	114	127	119
1981*										
Jan.-March	113	128	71	137	79	85	112	96	128	115
Apr.-June	117	129	87	144	76	88	121	106	128	120
July-Sept.	115	117	150	73	106	84	127	105	130	116

PRODUCTION

Index of industrial production 1975 = 100

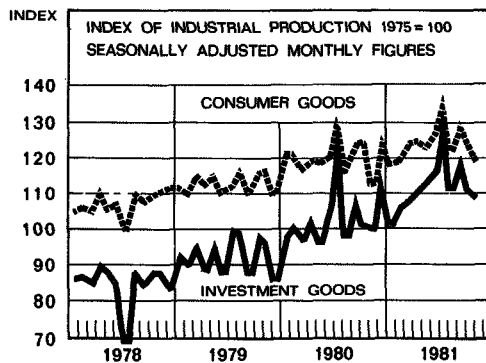
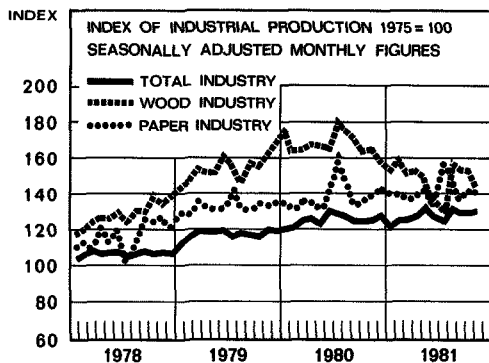
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	109.6	93.5	99.6	108.2
1979*	118.3	93.7	113.7	127.0	110.8	155.6	134.0	123.7	102.3	110.3	119.0
1980*	127.2	104.8	121.8	135.9	118.0	169.1	141.1	137.2	112.9	122.4	126.7
1981*	129.0	113.6	125.1	135.1	120.5	148.7	142.5	148.2	104.2	128.9	129.3

1980*

Dec.	127.8	113.3	124.8	133.2	116.2	145.3	136.0	134.2	96.6	129.0	129.4
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1981*

Jan.	130.3	106.8	126.2	138.6	107.0	146.5	150.3	151.0	104.4	124.3	123.2
Feb.	125.0	108.6	118.6	132.5	100.0	154.2	137.6	142.8	105.5	124.4	126.6
March	136.9	117.0	134.6	143.5	115.6	172.2	148.9	170.1	109.0	131.6	126.5
April	128.4	107.2	127.1	134.8	117.5	176.1	130.0	157.9	106.8	125.7	128.8
May	135.6	120.9	129.3	142.7	121.7	178.4	148.2	157.6	110.6	139.1	133.6
June	123.2	118.1	121.6	125.3	118.9	148.1	111.5	153.3	108.4	135.3	128.6
July	87.9	60.6	80.1	99.0	113.0	67.8	146.6	103.3	71.5	67.7	126.0
Aug.	129.5	112.5	125.9	135.9	118.0	138.2	156.6	156.8	102.2	123.7	132.5
Sept.	138.6	127.5	132.7	144.3	130.8	166.0	144.4	152.0	115.4	144.0	130.7
Oct.	143.6	127.7	140.8	149.3	145.6	160.1	156.8	149.5	112.5	144.2	130.4
Nov.	136.5	123.5	133.6	141.4	135.5	145.8	150.0	157.7	108.2	141.0	125.9
Dec.	131.8	130.0	130.5	133.0	123.0	127.8	129.0	125.9	96.3	143.2	129.7



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
1978	3 578	2 253	2 084	169	7.5	29 021	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1980*	3 606	2 315	2 203	112	4.8	38 283	119	141
1981*	3 629	2 369	2 244	125	5.3	39 488	122	140

1981*

March	3 622	2 295	2 167	128	5.6	4 305	114	141
April	3 623	2 272	2 158	114	5.0	4 564	120	132
May	3 624	2 333	2 215	118	5.1	3 588	123	143
June	3 623	2 542	2 415	127	5.0	2 184	122	136
July	3 625	2 556	2 422	134	5.2	1 600	128	125
Aug.	3 627	2 454	2 330	124	5.1	1 732	122	138
Sept.	3 639	2 363	2 245	118	5.0	2 793	123	156
Oct.	3 641	2 352	2 230	122	5.2	3 440	128	156
Nov.	3 642	2 349	2 223	126	5.4	3 679	116	138
Dec.	3 644	2 337	2 205	132	5.6	4 370	154	158

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1978	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1979	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1980*	50.53	19.66	5.43	18.41	3.99	42.34	17.05	4.73	14.56	3.81	50.82
1980*											
July-Sept.	11.97	4.69	1.01	4.49	0.91	11.71	3.80	1.48	4.33	1.23	53.72
Oct.-Dec.	11.09	3.38	0.74	5.10	1.29	13.49	5.80	1.65	4.37	1.15	50.82
1981*											
Jan.-March	7.17	2.85	0.90	2.47	0.49	7.91	3.50	0.54	2.81	0.80	45.82
Apr.-June	16.83	7.54	2.79	4.56	0.80	6.99	3.34	0.52	2.29	0.49	51.97
July-Sept.	10.88	4.42	1.15	3.45	0.98	8.47	3.00	1.16	2.64	0.95	54.60

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other public sector claims. Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other financial institution claims — Till-money credits — Bonds — Other financial institution receivables.

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

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding.

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the base rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the base rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average, cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FOREIGN EXCHANGE RATES

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

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

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

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

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

Money Supply. M_1 = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland). Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

STATE FINANCES

Page 10. Official figures computed by the Economic Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to Postipankki less cash holdings (net) of State departments and funds.

FOREIGN TRADE

Pages 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries*: (p. 13): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 14—15. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling.

On Jan. 1, 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

FOREIGN ASSETS AND LIABILITIES

Pages 16—17. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans development credits + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector. Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities, excl. amortisation payments of the Bank of Finland's reserves and oil credits.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 and 1979 debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *Index of industrial production* calculated by the Central Statistical Office. The grouping, by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: Investments goods weight 15.2, other producer goods weight 58.2, and consumer goods weight 26.6. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.7, manufacture of wood, and wood and cork products (SIC 331-2) 5.1, manufacture of paper and paper products (SIC 341) 12.3, manufacture of industrial chemicals (SIC 351-2) 5.3, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.9, and metal industry (SIC 37—38) 31.9.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

Page 21. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Forest Research Institute, *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED: * Preliminary, r Revised, 0 Less than half the final digit shown, . Logically impossible, .. Not available, — Nil S affected by strike — Break in series.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current term, January 27, 1982, to March 1, 1988, is Mauno Koivisto.

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966, OECD 1969, and IDB 1977.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1970) 2.7 mill. ha (9.6%) area cultivated and 19.1 mill. ha (68.4%) are covered by forests.

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

POPULATION

NUMBER OF INHABITANTS (1979): 4.8 million. Sweden 8.3. Switzerland 6.3, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1979): In South Finland 46.6, in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.6 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1979): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 483 743 inhabitants, Tampere (Tammerfors) 165 883, Turku (Åbo) 163 903.

EMPLOYMENT (1979): Agriculture and forestry 12%, industry and construction 34%, commerce 14%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1979): Finnish speaking 93.6% Swedish speaking 6.3%, others 0.1%.

EDUCATION (1980): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 15 colleges of university standard.

CHANGE OF POPULATION (1979): births 13.3‰, deaths 9.2‰, change + 2.3‰, net immigration - 1.9‰. Deaths in France 10.1‰ and Great Britain 11.9‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1980), in million marks: Gross domestic product at factor cost by industrial origin; agriculture 6 863 (4%), forestry and fishing 8 330 (5%), manufacturing 54 285 (33%), construction 12 102 (7%), trade, restaurants and hotels 19 169 (11%), transport and communication 13 557 (8%), banking and insurance 6 613 (4%), ownership of dwellings 11 048 (7%) other services 34 146 (21%), total 166 113. Index of real domestic product 118 (1975 = 100).

FOREST RESOURCES (1979). The growing stock comprised of 1 606 million m³ (solid volume with bark) of which 45% was pine and 37% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 690 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 61 million m³ and the total removal calculated on the basis of roundwood consumption was 49 million m³.

AGRICULTURE (1979). Cultivated land 2.3 million hectares. Number of holdings 229 356 of which 157 673 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%, 70% in 1980.

INDUSTRY (1980). Gross value of industrial production 170 869 mill. marks, number of workers 419 404, salaried employees 140 613, motive power (1979) 7.7 mill. kW. Index of industrial production 127 for 1980 (1975 = 100).

STATE RAILWAYS (Dec. 31. 1980): Length 6 076 km.

MERCHANT FLEET (Dec. 31, 1981): Passenger vessels 148 (263 673 gross reg. tons), tankers 45 (1 281 984 gross reg. tons), dry cargo vessels 193 (918 246 gross reg. tons), other vessels 97 (15 036 gross reg. tons), total 483 (2 478 936 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1980): Passenger cars 1 225 931 lorries and vans 149 151, buses 8 963, others 8 782, total 1 392 827.

FINNISH AIRLINES (Sept. 1, 1981): Finnair and Kar-Air have in use 3 DC-8, 1 DC-6-ST, 5 Super Caravelles, 9 DC-9 10/14/15, 3 DC-9-41, 12 DC-9-51, 3 DC-10-30, 2 Fokker F-27 and 1 Emprae Bandeirante. Companies have scheduled traffic outside of Finland to 39 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1982 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 22.4, Skr 16.2, £ 13.2, DM 12.6, \$ 10.3, other currencies 25.3. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1980). There are two big and five small commercial banks with in all 880 offices, 275 savings banks, 372 co-operative banks, five mortgage banks. Postipankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-five private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1980). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ½%. The range of rates for other credits granted by the Bank of Finland is between 7 ½% and 10 ½%. Other credit institutions: time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¾%; 24 month deposits 9% and sight deposits 2%. The highest lending rate 12 ½%.

THE BALANCE OF PAYMENTS AND FOREIGN EXCHANGE POLICY IN 1981

by Ilmo Pyyhtiä, M.Pol.Sc.
and Peter Nyberg, Dr.Pol.Sc.

Bank of Finland

The external balance of the Finnish economy improved even faster than expected in 1981 and the current account deficit shrank to less than one per cent of GDP. This was mainly due to the weakening of activity in Finland and domestic demand, in particular, turned down sharply. Exports, however, remained buoyant, largely because of additional shipments to the Soviet Union to meet the higher oil bill. Finland's exports to western markets also remained at a fairly satisfactory level, and there was not the marked contraction in forest industry exports which has characterized downturns in the past. In keeping with this stage of the business cycle the deterioration of the terms of trade came to a halt, so that import prices rose only slightly more than export prices for the year as a whole.

The current account deficit was 1 700 million marks last year compared with 5 186 million marks in 1980. As net capital inflows totalled 3 500 million marks in 1981, Finland's foreign exchange reserves rose by 1 800 million marks. Exchange-rate movements contributed more than the current account deficit to the increase in foreign indebtedness in 1981. At the end of the year the ratio of the net foreign debt to GDP stood at 15.4 per cent, at which level it has been for three years.

COMMODITY TRADE

Foreign demand in Finland's major markets continued to weaken last year but the decline

in western exports was offset by the further expansion of exports to the Soviet Union, which accounts for 24.7 per cent of Finland's commodity exports. The total volume of commodity exports increased by 3.2 per cent in 1981. The imports of Finland's leading western trading partners fell by two per cent, while Finland's exports to these countries decreased by 4 per cent. However, the loss of market shares was smaller than that following the first oil crisis, an outcome that was facilitated by the sustained price competitiveness of Finnish industry and the better performance of the forest industries as compared with earlier periods.

All industrial sectors registered a vigorous expansion in their exports to the Soviet Union, the food and textile industries being among those which experienced especially fast growth. The volume of exports to the Soviet Union increased by a third for the second year running. In the market economies, the slump in residential construction, which has been intensified by the pursuit of tight monetary policies in these countries, reduced the demand for Finnish wood products. Wood industry exports fell by 15.1 per cent, with exports of sawn-goods decreasing by almost a fifth. By contrast, the demand for pulp and paper products held up relatively well for most of the year, and exports in this category fell by only 3.8 per cent.

The volume of commodity imports decreased by 6.0 per cent as a result of both the downturn in domestic demand and a fall in the propensity to import. High international interest rates and expectations of declining world raw-

TABLE 1. FOREIGN TRADE BY AREAS, MILLIONS OF MARKS AND AS A PERCENTAGE OF TOTAL TRADE

	1980		Exports, f.o.b. 1981		Change 80/81 %	1980		Imports, c.i.f. 1981		Change 80/81 %
	Mill. mk	%	Mill. mk	%		Mill. mk	%	Mill. mk	%	
EEC	20 389	38.6	21 232	35.2	4.1	19 478	33.4	20 021	32.7	2.8
EFTA	12 423	23.5	12 345	20.5	-0.6	10 250	17.6	10 550	17.2	2.9
CMEA (Eur.)	10 499	19.9	15 953	26.5	51.9	14 202	24.4	16 256	26.5	14.5
OTHER	9 482	18.0	10 784	17.8	13.7	14 309	24.6	14 436	23.6	0.9
Total	52 793	100.0	60 314	100.0	14.2	58 239	100.0	61 263	100.0	5.2

Exports: by country of consignment
Imports: by country of origin

material prices served to curb stockbuilding and reduce imports of raw materials and semi-finished materials. Energy imports also declined because of the increased use of indigenous energy resources and conservation. Crude oil imports decreased by 15.2 per cent in volume terms, whereas coal imports actually rose as stocks were replenished to make good the shortfall in deliveries from Poland. All in all, raw-material and energy imports fell by almost 10 per cent in 1981.

By contrast, imports of finished goods increased slightly in 1981. Imports of investment goods rose by 5 per cent in line with the expansion of domestic investments in machinery and equipment, while imports of consumer goods remained at the same level as in the previous year, despite a small increase in domestic consumption.

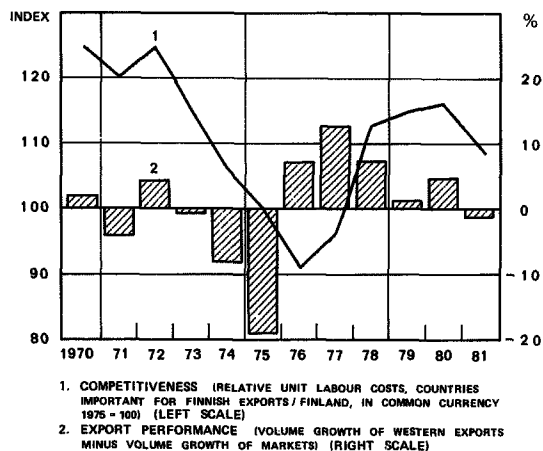
crude oil remained virtually unchanged on world markets throughout the year, the average import price rose by nearly one third in Finnish marks.

The development of export prices can be regarded as fairly satisfactory in view of the international recession. The upward trend in the prices of paper products continued almost until the end of the year. Export prices of paper products were on average 13 per cent and prices of metal products 14 per cent higher than in 1980. Export prices of wood products, however, fell in line with the decline in international raw-material prices. Both import and export prices rose about 11 per cent in 1981, thus halting the downward trend in the terms of trade which had continued since the second oil crisis.¹

FOREIGN TRADE PRICES AND THE TERMS OF TRADE

Reflecting the international recession there was a general downward movement of raw-material prices in 1981 and also prices of finished goods levelled off in the course of the year. Measured in US dollars the decline in world-market prices of raw-materials was particularly steep, but because of the strengthening in the value of the dollar import prices of raw materials and semi-finished materials (excluding crude oil) fell only slightly in terms of domestic currency. While the dollar price of

CHART 1. COMPETITIVENESS AND EXPORT PERFORMANCE



¹ See chart on p. 11.

STRUCTURAL AND REGIONAL DISTRIBUTION OF COMMODITY TRADE

The effects of destocking and energy savings were also seen in a change in the structure of Finnish imports, with the combined share of raw materials and crude oil in total imports declining from 66.3 per cent in 1980 to 63.9 per cent in 1981. However, the increases in energy prices caused by the rise in the value of dollar and the carry-over effect from the previous year raised the share of energy imports in total imports to 30 per cent, crude oil accounting for a fifth of total imports. As regards exports, the vigorous growth of exports to the Soviet Union helped to raise the joint share of metal, textile and food industry products in total commodity exports by 4.2 percentage points last year to 36.9 per cent. The share of Finland's traditional export goods, wood and paper products, diminished to 39.8 per cent.

The effects of oil price rises, the recession in the market economies and substantial deliveries during the first year of the current five-year bilateral trade agreement with the Soviet Union were also reflected in a clear shift in the regional distribution of Finland's foreign trade in 1981. This was especially evident in exports, where the share of the CMEA countries rose from 19.9 per cent in 1980 to 26.5 per cent, the highest level since the 1950s (see Table 1).

The corresponding share of EFTA and the EEC declined to 55.7 per cent last year compared with 62.1 per cent the year before. The shifts in the regional distribution of imports were less pronounced. The share of the CMEA countries rose to 26.5 per cent from 24.4 per cent in the previous year, while the combined share of EFTA and EEC countries decreased by one percentage point to 49.9 per cent.

THE CURRENT ACCOUNT

The trade account was temporarily in surplus at the beginning of the year but by the end of

the year it showed a deficit of 1 320 million marks for 1981 as a whole as against a deficit of 5 455 million marks the previous year. The surplus on the services account climbed by 300 million marks to 4 270 million marks. The surplus on the transport account, which constitutes 80 per cent of the total surplus on the services account, actually increased slightly less than in 1980 when last year's shipping strike is taken into account. The modest increase in transport receipts was due to the slow growth of world trade and low freight rates. The growth of income from construction projects abroad weakened, so that the surplus on other services narrowed.

Hence, given the deficit of 1 320 million marks on commodity trade, the surplus on the goods and services account came to 2 950 million marks. The sharp increase in interest rates abroad added considerably to the costs of foreign debt. As a result, the deficit on investment income and transfer payments widened further to 4 650 million marks, and the surplus on all invisible transactions, which had stood at 269 million marks in 1980, swung into a deficit of 380 million marks last year.

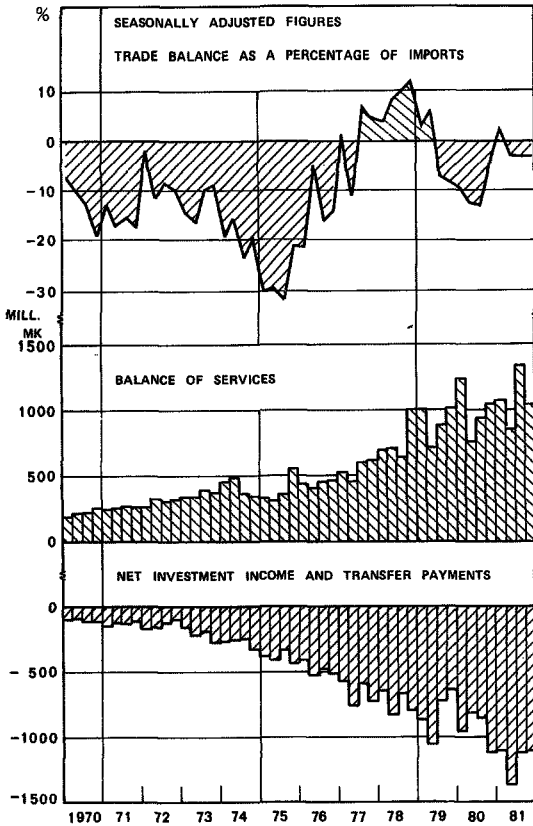
**TABLE 2. BALANCE OF PAYMENTS,
MILLION MARKS**

	1979	1980	1981 ¹
Commodity exports ²	43 302	52 860	60 280
Commodity imports ²	44 430	58 315	61 600
TRADE BALANCE	-1 128	-5 455	-1 320
Services, net	3 526	3 958	4 270
BALANCE ON GOODS AND SERVICES	2 398	-1 497	2 950
Investment income & transfer payments	-3 159	-3 689	-4 650
CURRENT ACCOUNT	-761	-5 186	-1 700
Long-term capital, net	509	182	2 500
BASIC BALANCE	-252	-5 004	800
Trade credits	-3	2 288	960
Short-term capital of authorized banks	1 211	3 930	100
Other short-term capital	-834	-219	-57
OVERALL BALANCE	122	995	1 803
Bank of Finland foreign exchange reserves (increase —)	-122	-995	-1 803

¹ Preliminary. For details, see pages 14 ja 15.

² Balance of payments basis. See table 1 for customs figures.

CHART 2. PRINCIPAL CURRENT ACCOUNT COMPONENTS



Thus the current account showed a deficit of 1 700 million marks in 1981. As chart 3 illustrates, the external balance has largely followed movements in the relative cyclical position of Finland vis-à-vis her major trading partners. However, the satisfactory competitive position of Finland (Chart 1) over the past four years has improved noticeably the apparent trade-off between the relative level of activity and the external balance. During the past two years, part of this improvement has also been explained by the oil-induced deterioration in Finland's bilateral terms of trade.

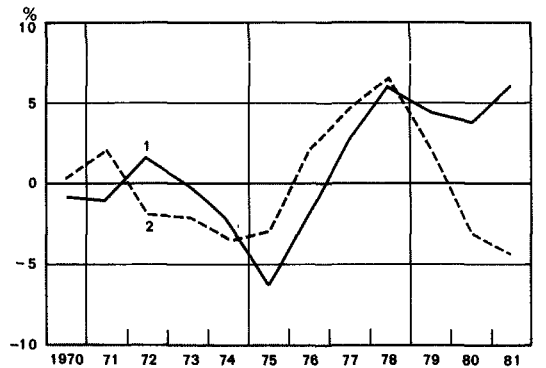
The contraction in the current deficit by 3 500 million marks corresponds to a reduction by the same amount in the difference between gross investment and gross saving. This improvement in the financial balance of the economy was mainly due to a lower investment ratio,

whereas the share of saving in GDP remained unchanged. Weaker business expectations and certain counter-cyclical economic policy measures may have influenced the timing of investments.

CAPITAL FLOWS ¹

Capital imports in 1981 consisted primarily of long-term loans, reflecting among other things the tendency among firms to improve their financial structure by switching from short-term financing to long-term debt. Net imports of long-term capital amounted to 2 500 million marks, which more than covered the current account deficit. Despite the relatively high level of interest rates on international markets, net imports of long-term capital by the private sector totalled 1 472 million marks. The government imported long-term capital to the value of 2 133 million marks in net terms, while net imports by banks and other financial institutions and municipalities amounted to 64 million marks. Other long-term capital items, including export credits, direct investment, subscriptions to international agencies etc., brought about a net outflow of 1 170 million marks.

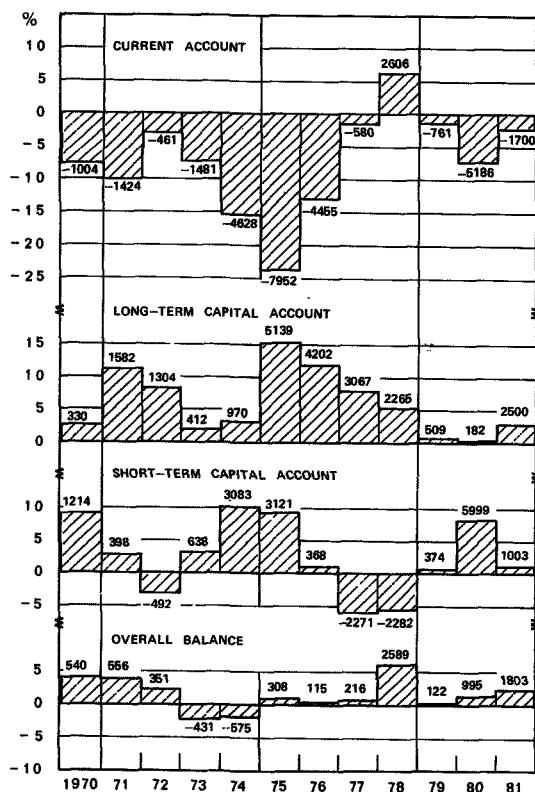
CHART 3. CYCLICAL POSITION AND REAL EXTERNAL BALANCE



1. FINLAND'S BALANCE OF GOODS AND SERVICES, PER CENT OF GDP (IN FIXED 1976 PRICES)
2. RELATIVE ACTIVITY: MAIN TRADING PARTNERS / FINLAND (GDP DEVIATION FROM TREND IN FINLAND'S MAIN TRADING PARTNERS MINUS GDP DEVIATION FROM TREND IN FINLAND)

¹ See front article of this Bulletin for more detailed information.

CHART 4. PRINCIPAL BALANCE OF PAYMENTS COMPONENTS AS A PERCENTAGE OF CURRENT PAYMENTS AND IN MILLIONS OF MARKS



domestic interest rates were unchanged at a relatively low level throughout the year. There was an allocation of Special Drawing Rights amounting to 131 million marks, while miscellaneous short-term capital items, including errors and omissions, brought about an outflow of 190 million marks.

EXTERNAL LIQUIDITY AND FOREIGN DEBT

Since capital imports exceeded the deficit on current account, there was a surplus of 1 803 million marks on the overall balance. Allowing for exchange rate movements, the foreign exchange reserves of the central bank increased by 2 327 million marks to 9 368 million marks in the course of the year. Convertible reserves fell slightly from 7 798 million marks to 7 459 million marks, and at the end of 1981 corresponded to about two months' multilateral imports. The tied currency accounts showed a net liability at the beginning of 1981 but owing to the surplus in the trade with the Soviet Union and prepayments for future bilateral exports this had swung into a net receivable of 1 909 million marks by the end of the year.

Net imports of short-term capital totalled 1 000 million marks compared with 5 999 million marks in the previous year. The stock of short-term import credits is estimated to have decreased by 860 million marks last year, while the increase in the value of commodity imports was 3 000 million marks. Capital inflows in the form of short-term export credits reached 520 million marks. Mainly towards the end of the year, there was also an inflow of 1 300 million marks in the form of prepayments for future bilateral exports. Altogether, short-term trade credits of the corporate sector yielded a net inflow of 960 million marks.

Imports of short-term capital by Finnish banks, geared mainly to the financing of foreign trade, fell sharply to 100 million marks. This decline was closely related to the heavy fluctuations in and high level of international interest rates;

Finland's net foreign debt increased by 4 350 million marks in 1981, more than 2 000 million marks of which was attributable to exchange rate changes. At year's end the net debt totalled 32 338 million marks or 15.4 per cent of GDP. The relative indebtedness has diminished markedly from the peak level attained in 1977, when the net debt was 21 per cent of GDP. Finland's net long-term debt amounted to 33 138 million marks but short-term assets exceeded liabilities by 800 million marks. The foreign net debt of the central government grew by 2 800 million marks in 1981 and at year's end totalled 12 200 million marks, equivalent to 5.8 per cent of GDP. Finland's debt service costs on long-term loans increased slightly in relative terms from 10.0 per cent of current receipts in 1980 to 10.3 per cent last year.

FOREIGN EXCHANGE POLICY

International exchange markets in 1981 were characterized by even wider swings in the exchange rates of major currencies than in the preceding year. As has been the case in recent years, it seems that a major factor contributing to exchange rate movements was the volatility of relative interest rates. Balance-of-payments developments and political factors were, however, also significant. From the Finnish point of view the declining value of the Swedish crown and the pound sterling as well as the strengthening of the rouble were especially important. The higher value of the dollar was particularly significant in the short term in view of its widespread use as an invoicing currency.

Despite the volatility of international exchange rates, exchange markets in Finland were orderly though occasionally lively. The convertible exchange reserves of the Bank of Finland varied between a high of 8 399 million marks in April and a low of 6 653 million marks in November (as shown in the chart inside the front cover). On average, the month-to-month fluctuations were, however, only slightly greater than the year before. Moreover, the lack of reaction in the exchange markets to the Swedish devaluation in September was an indication of the market's judgement that the mark's exchange rate was approximately in equilibrium during the year. Tied currency reserves increased markedly during 1981.

In the light of these developments no major decisions concerning foreign exchange rates were taken in 1981. The Bank of Finland currency index remained unchanged throughout the year at the level established in March 1980. The forward markets continued to function satisfactorily without intervention from the

Bank of Finland, which, however, still sets limits for the banks' open foreign exchange positions. During the year average forward rates seemed to settle around the value expected on the basis of relative interest differentials between Finland and other countries.

In September, banks were allowed to furnish forward cover for domestic loans made by them in foreign currencies, which up to then had remained outside the scope of the markets. The use of forward cover for transactions in roubles increased substantially. The Bank of Finland continued to provide forward cover for contracts between banks and firms denominated in roubles and clearing dollars because no regular markets and few other hedging possibilities in these currencies exist. In October, the Bank of Finland also modified slightly the way in which rouble quotations are determined so as to even out movements in the rouble rate.

During the year Finland repaid 14.3 million SDRs of the credits drawn from the IMF under the oil facility in 1975 and 1976. The amount of credit outstanding at the end of the year was thus 52.1 million SDRs. The Bank of Finland negotiated an additional 150 million US dollars of credit line facilities with international bank consortia. At the end of the year, these facilities, which can be drawn at short notice if needed to support exchange reserves, totalled 1 500 million dollars, none of which was used.

In 1981 the Bank of Finland decided to permit Citibank N.A. to import the capital needed to establish a subsidiary in Finland. This was the first time such permission has been granted. By the end of the year similar applications had been received from two other major foreign banks.

ITEMS

The new government. Having been elected President of the Republic in January (see item in February Bulletin), Dr. Mauno Koivisto, the former Prime Minister, invited Mr. Kalevi Sorsa (Soc. Dem.) to form a new government. On February 19 the President appointed a majority government with Mr. Sorsa as Prime Minister. The Centre Party holds six posts in the new government, the Social Democratic Party five, the People's Democratic League three, the Swedish Party two, and there is one independent member. The Deputy Prime Minister, and Minister of Finance, is Mr. Ahti Pekkala (Centre Party), the Minister for Foreign Affairs is Mr. Pär Stenbäck (Swedish Party) and the Minister for Foreign Trade is Mr. Esko Rekola (Independent).

New appointments at the Bank of Finland.

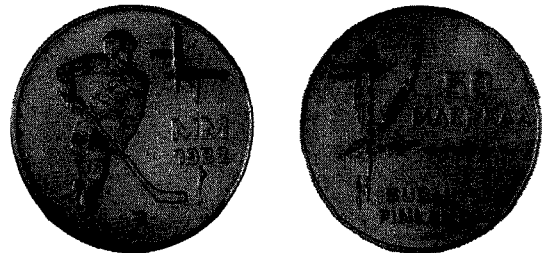
Dr. Mauno Koivisto, Chairman of the Board of Management, having commenced his term of office as President of the Republic on January 27, 1982, Dr. Ahti Karjalainen, Vice Chairman, was appointed Chairman, effective from March 1, 1982. Likewise from March 1, 1982, Mr. Rolf Kullberg, Acting Vice Chairman, was appointed Vice Chairman and Director Seppo Lindblom Member of the Board of Management. Dr. Sirkka Hämäläinen, Director of the Economics Department of the Ministry of Finance, and a former Acting Head of the Economics Department of the Bank, was appointed Director to succeed Mr. Lindblom as from May 1, 1982.

World Ice Hockey Championships 1982 commemorative coin. On the occasion of the World Ice Hockey Championships to be held in Helsinki and Tampere from April 15 to 29, 1982, the Mint of Finland has struck a silver commemorative coin in the denomination of 50 Finnish marks. The coin, which is legal tender in Finland, was put into circulation on 8th March, 1982 and its description runs as follows:

The obverse depicts an ice-hockey player and a puck with the legend MM 1982. The reverse shows skate tracks on the ice and bears the legend 50 MARKKAA and SUOMI FINLAND.

The coin is made of an alloy containing 500/1 000 silver and 500/1 000 copper. The diameter is 35 mm and the weight 23 grams. The vertical edge of the coin is smooth.

The coin was designed by the sculptress Erja Tiainen and the issue comprises 400 000 coins.



BANK OF FINLAND

Board of Management

Ahti Karjalainen
Chairman

Rolf Kullberg
Vice Chairman

Pentti Uusivirta

Ele Alenius

Harri Holkeri

Seppo Lindblom

Directors

Markku Puntila

Eino Helenius

Pentti Koivikko

Kari Nars

Antti Lehtinen

Senior officials

Pertti Kukkonen
Director, ADP-planning

Ralf Pauli
Monetary Policy

Raimo Hyvärinen
Domestic Financing

Kari Pekonen
Exchange Policy

M. Vanhala
Foreign Exchange

Kari Holopainen
Bilateral Trade

Pekka Tukiainen
Foreign Financing

J. Ojala
Exchange Control

Seppo Kostiainen
Deputy, Economics Dept.

Juhani Hirvonen
Deputy, Research Dept.

Markku Pietinen
Information

H. T. Hämäläinen
Administration

Timo Männistö
Internal Audit

U. Levo
International Legal Affairs

Erkki Vehkamäki
Data Processing

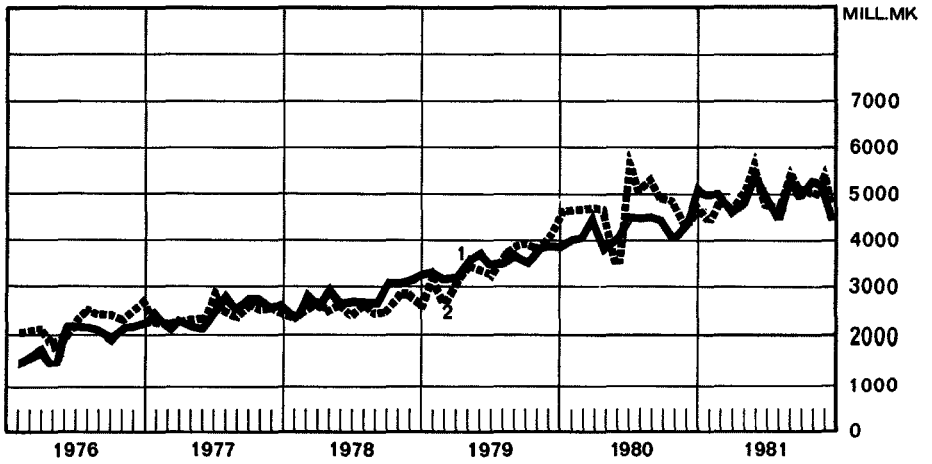
Anton Mäkelä
Personnel

Stig G Björklund
Payments

Reijo Mäkinen
Cash

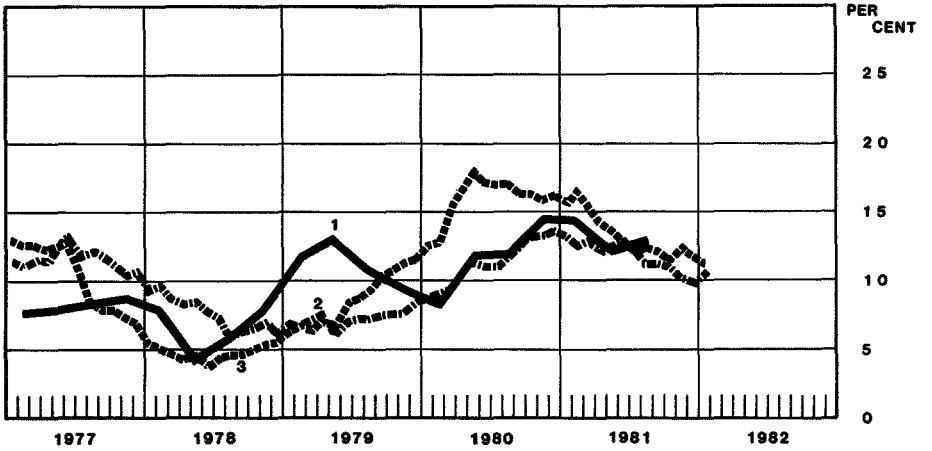
FOREIGN TRADE, 1976-81

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



PRICES AND WAGES, 1977 - 1982

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
 - 2. Consumer price index 1977 = 100, monthly figures
 - 3. Basic price index for domestic supply 1975 = 100, monthly figures
- Percentage change over previous year



PRODUCTION, 1976-81

- 1. Total index of industrial production 1975 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1975 = 100, seasonally adjusted quarterly figures

