



# BANK OF FINLAND

*Monthly Bulletin*

**Foreign trade**

**Some characteristics of saving in  
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Lowering of the external value of the  
Finnish mark

Devaluation of the Finnish mark

Credit facility agreement

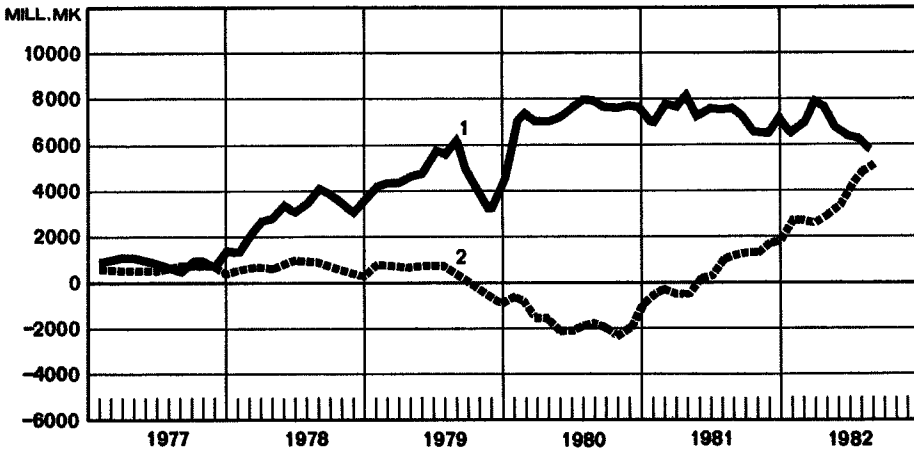
Finland joins the African Development  
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Labour disputes in 1981

**OCTOBER 1982**

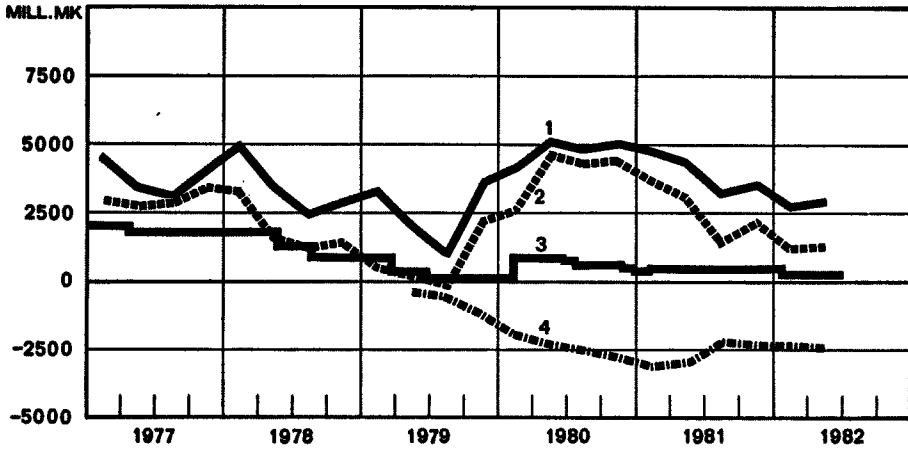
**Vol. 56 No. 10**

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



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

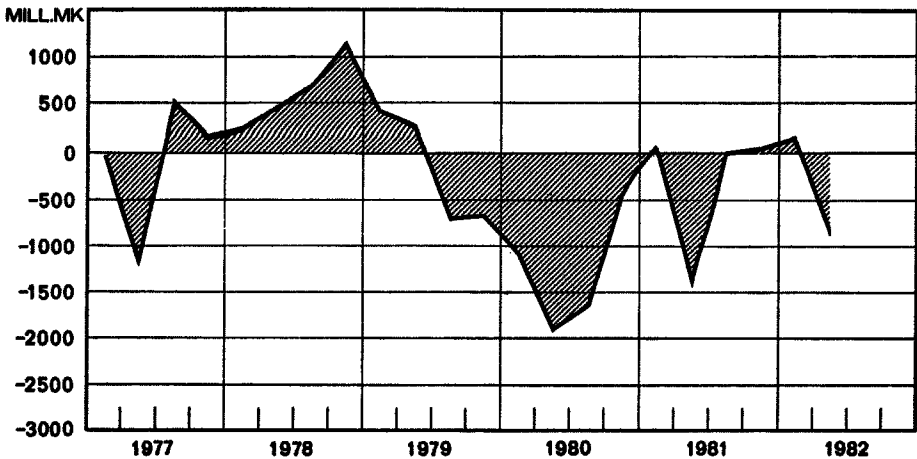
**COMMERCIAL BANKS' CENTRAL BANK POSITION, 1977-1982**



- 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, 1977-82**



Seasonally adjusted quarterly figures

# FOREIGN TRADE

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Bank of Finland

Although economic activity in Finland has for some years been more buoyant than in the economies of her main trading partners, no major imbalances have emerged in Finland's trade account. In Western markets, the growth rate of Finnish exports has fallen more or less in line with demand. This has, however, been accompanied by a marked slowing down in the growth of imports, mainly because of a more moderate trend of investment demand in Finland. Furthermore, oil imports have declined, and industry has responded to the prolongation of international recession by running down stocks and implementing energy saving measures. It should also be noted that the oil price increases in 1979—80 caused a substantial expansion of exports in bilateral trade, the effects of which were still being felt in the first half of the current year. Part of the success in keeping trade flows in balance can be attributed to movements in the terms of trade. The levelling off of crude oil and raw material prices during 1981 also brought an end to the deterioration in Finland's terms of trade.

Figures for the current year indicate that the overall balance in foreign trade has continued. A second year of recession in the Finnish economy has further curbed imports. The trade account registered a deficit of only 70 million marks in January—August.<sup>1</sup> There was a surplus in Finland's trade account with the CMEA countries, whereas the trade with market economies showed a deficit.

<sup>1</sup> At the time of writing foreign trade figures were available for prices and volumes in the first half of the year and for values in January—August.

Finland's terms of trade have improved slightly since the end of last year, in particular because of large exports of metal and engineering products. Orders for these commodities were received at a time when demand and price conditions were clearly more favourable than they are today. Geographically, movements in Finland's terms of trade have been rather uneven, a fact that also helps to explain some of the regional differences in trade account developments: Finland's terms of trade vis-à-vis market economies have deteriorated slightly, whereas there has been an improvement in the bilateral trade. This difference is partly due to the relatively large shares of raw materials and other bulk products in imports from the CMEA countries and in exports to the West.

## EXPORTS

The current cyclical phase finds various export sectors in quite different positions. As usual, the impact of the international recession was felt first in exports of cyclically-sensitive forest industry products. Because of high interest rates and the depressed state of building activity in the market economies, export markets for sawn goods have been especially weak. Furthermore, owing to a growing squeeze on profitability, Finnish sawmills have been reluctant to follow their competitors in cutting prices, with the result that some of the market shares gained in recent years have been lost. During the first half of the year, the volume of

exports of all wood products fell slightly further from the relatively low level reached in the second half of 1981. The central organization of Finnish saw millers expects exports of sawn goods to go on declining during the second part of the current year. Market conditions have been more favourable for other forest product exports. Demand for paper and board has remained relatively stable in Europe and, although demand has fallen in North America, the high value of dollar in relation to most other currencies has benefitted European producers. Exports to the CMEA area have also remained sizeable. In volume terms, exports of paper and paper products increased at an annual rate of 8 per cent during the first half of the year, but the prospects for the rest of the year are rather bleak.<sup>1</sup> The weakening in the demand for paper and paper products is occurring at the same time as ample new capacity is being brought on stream both at home and abroad.

The volume of exports of metal and engineering products increased at an annual rate of 22 per cent during the first half of the year. As usual, this sector's export deliveries tend to be concentrated in the later stages of the business cycle. The share of metal and engineering products in exports to the Soviet Union is large and the current year has seen a further expansion of exports of these commodities. But the outlook in this sector is also becoming less promising as order books become thinner and profitability worsens.

Of the remaining export sectors two stand out because of their exceptional performance during the first half of 1982: the volume of chemical exports increased at an annual rate of 23 per cent, whereas exports of foodstuffs fell by 44 per cent. The former is the result of a temporary diversion of oil products to the international market caused by a drop in domestic consumption, while the latter stems essentially from a decline in the bilateral trade.

Compared with the second half of last year, export prices rose at an average annual rate

<sup>1</sup> Changes in trade volumes have been calculated from seasonally adjusted figures.

of about 3 per cent in the first six months of 1982. Price movements of raw materials and chemicals tended to counter the overall rise in prices: prices of wood products fell at an annual rate of 4 per cent and those of chemicals by 6 per cent. Export prices of paper and metal products fared better, both rising by 5 per cent. A significant part of the rise in the prices of these two categories of goods stems from changes in exchange rates, the export prices of a large proportion of these commodities being denominated in US dollars.

There were no major changes in the regional distribution of Finnish exports in value terms in the 12 months to July. Finland continues to export approximately 55 per cent of its total exports to industrialized market economies. Small shifts occurred within this country grouping, with EFTA countries losing one percentage point to EEC countries, largely because of a fall in the share of exports to Sweden. The share of CMEA countries in total Finnish exports increased by one percentage point to nearly 29 per cent. Oil producing countries retained their share at 6 per cent, whereas developing countries lost more than a percentage point and now take 10 per cent of total Finnish exports.

## IMPORTS

For some time now, Finland's propensity to import has remained below its long term trend. Finland's investment rate has fallen and the emphasis in investment has shifted to sectors where the use of imported inputs is small. The relative share of imported energy, especially that of oil products, in total energy demand has also declined. Moreover, since interest rates have remained high and the near-term prospects for international recovery are still far from bright, there has not, as yet, been any major rebuilding of stocks of imported goods. More recently the slow growth of imports has increasingly come to reflect the cyclical slowing down of economic activity.

(continued on page 35)

	1981		1982			
	Sept. 30	Dec. 31	Sept. 8	Sept. 15	Sept. 23	Sept. 30
<b>Assets</b>						
Gold and foreign exchange receivables	8 907	9 463	11 110	10 998	10 799	10 486
Gold	1 073	1 382	1 382	1 382	1 382	1 382
Special drawing rights	676	632	569	569	569	569
IMF reserve tranche	380	394	397	397	397	397
Foreign bonds	1 582	1 405	852	859	893	857
Convertible currencies	3 714	3 686	2 901	2 805	3 426	2 958
Tied currencies	1 482	1 964	5 009	4 986	4 132	4 323
Other foreign receivables	1 632	1 606	1 615	1 615	1 615	1 615
Mark subscription to Finland's IMF quota	1 632	1 606	1 615	1 615	1 615	1 615
Receivables from financial institutions	3 987	3 690	3 654	4 403	4 843	4 523
Banks' cheque accounts	567	495	405	454	456	356
Call money market advances	1 994	1 796	1 516	2 249	2 624	2 409
Till-money credits	709	768	845	793	842	833
Bonds	676	594	858	859	876	876
Other financial institution receivables	41	37	30	48	45	49
Receivables from the public sector	1 198	1 236	979	961	967	973
Government promissory notes	354	354	—	—	—	—
Bonds	370	386	431	413	420	425
Total coinage	473	483	543	543	544	545
Other public sector receivables	1	13	5	5	3	3
Receivables from corporations	3 951	4 549	4 806	4 819	4 834	4 856
Financing of exports	1 631	1 754	1 672	1 693	1 698	1 714
Financing of domestic deliveries	2 018	2 111	2 437	2 425	2 437	2 442
Bonds	193	187	169	168	166	167
Other corporate receivables	109	497	528	533	533	533
Other assets	85	89	97	97	97	97
<b>Total</b>	<b>19 760</b>	<b>20 633</b>	<b>22 261</b>	<b>22 893</b>	<b>23 155</b>	<b>22 550</b>
<b>Liabilities</b>						
Foreign exchange liabilities	74	96	71	47	55	55
Convertible accounts	27	41	36	38	42	38
Tied accounts	47	55	35	9	13	17
Other foreign liabilities	2 639	2 597	3 167	3 174	4 135	4 152
IMF mark accounts	1 943	1 871	1 726	1 726	1 726	1 726
Allocations of special drawing rights	696	726	726	726	726	726
Term liabilities	—	—	715	722	1 683	1 700
Notes and coins in circulation	5 023	5 595	5 491	5 495	5 553	5 616
Notes	4 604	5 152	5 020	5 026	5 084	5 147
Coins	419	443	471	469	469	469
Deposit certificates in circulation	450	1 600	1 600	3 200	3 200	2 000
Claims of financial institutions	4 147	3 797	4 935	3 917	3 158	3 611
Banks' cheque accounts	32	0	0	13	3	5
Call money market deposits	1 380	1 080	1 930	910	160	290
Cash reserve deposits	2 464	2 492	2 783	2 783	2 783	3 095
Capital import deposits	244	201	213	204	199	198
Other financial institution claims	27	24	9	7	13	23
Claims of the public sector	727	578	107	107	107	107
Cheque accounts	0	1	0	1	1	1
Counter-cyclical reserves	545	433	64	64	64	64
Counter-cyclical deposits	145	143	—	—	—	—
Capital import deposits	22	—	43	42	42	42
Other public sector claims	15	1	0	0	0	0
Claims of corporations	1 610	1 433	1 681	1 682	1 673	1 682
Deposits for investment and ship purchase	1 400	1 425	1 487	1 485	1 477	1 485
Capital import deposits	—	—	183	186	185	184
Export deposits	202	0	—	—	—	—
Other corporate claims	8	8	11	11	11	13
Other liabilities	14	15	18	17	18	17
Equalization accounts	2 623	609	888	949	949	1 001
Capital accounts	2 453	4 313	4 303	4 305	4 307	4 309
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	—	—	—	—	—	—
Net earnings	303	563	271	273	275	277
<b>Total</b>	<b>19 760</b>	<b>20 633</b>	<b>22 261</b>	<b>22 893</b>	<b>23 155</b>	<b>22 550</b>

End of year or month	Foreign sector							Public sector			
	Gold SDRs, 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)	Deposit certificates in circulation
	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											
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
March	2 343	1 125	4 597	8 065	2 718	-1 627	9 156	971	211	-760	2 300
April	2 343	1 117	4 267	7 727	3 084	-1 612	9 199	965	195	-770	2 150
May	2 305	1 064	3 498	6 867	3 456	-1 581	8 742	964	171	-793	2 000
June	2 286	910	3 335	6 531	4 314	-1 583	9 262	977	143	-834	2 200
July	2 286	899	3 280	6 465	4 909	-1 583	9 791	987	163	-824	2 000
Aug.	2 348	851	2 657	5 856	5 207	-1 555	9 508	985	147	-838	1 600
Sept.	2 348	857	2 920	6 125	4 306	-2 537	7 894	973	107	-866	2 000

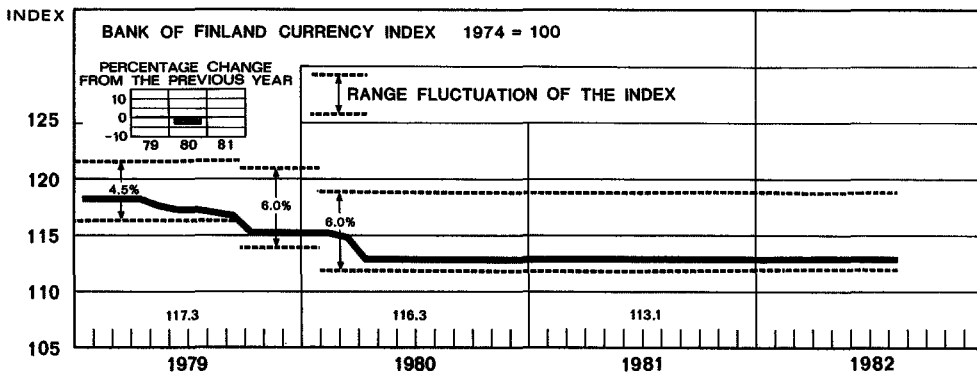
## FOREIGN EXCHANGE POSITION

Mill. mk

	Net holdings, Dec. 31, 1981			Net holdings, Aug. 31, 1982			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Aug.	Jan.-Aug.
Gold	1 382	—	1 382	1 382	—	1 382	—	—
Special drawing rights	632	—	632	569	—	569	+62	-63
IMF reserve tranche	394	—	394	396	—	396	—	+2
Foreign bonds	1 405	—	1 405	851	—	851	-48	-554
Convertible currencies	3 646	-7 748	-4 102	2 657	-6 422	-3 765	-567	+337
Total	7 459	-7 748	-289	5 855	-6 422	-567	-553	-278
Tied currencies	1 909	-122	1 787	5 207	-200	5 007	+294	+3 220
Grand total	9 388	-7 870	1 498	11 062	-6 622	4 440	-259	+2 942

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and redis-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											
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
March	—	379	2 032	1 590	2 644	-1 161	-662	3 989	719	3 270	5 175
April	—	305	2 069	1 600	2 644	-1 360	-510	3 955	752	3 203	5 383
May	—	511	1 888	1 420	2 707	-1 510	-218	4 058	684	3 374	5 534
June	—	429	2 006	1 640	2 732	-1 568	-369	4 118	929	3 189	5 752
July	—	290	1 223	1 042	2 777	-1 467	-839	4 084	1 136	2 948	5 706
Aug.	—	435	929	1 260	2 783	-1 461	-1 218	4 117	983	3 134	5 557
Sept.	—	351	2 409	290	3 095	-1 537	912	4 156	982	3 174	5 616

See item on page 31.



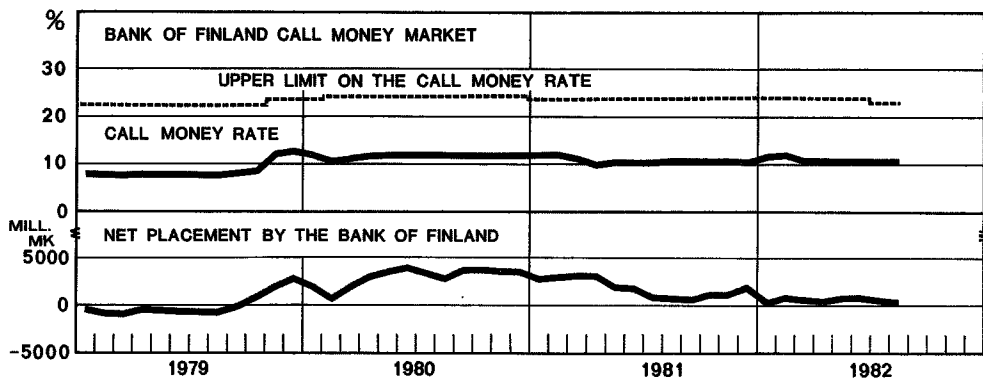
# MONETARY POLICY INDICATORS

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 <sup>1</sup> %
	1	2	3	4	5	6	7	8	9	10
1975	4 000	3 611	2 725	—	—	239 <sup>2</sup>	9.25	26.80 <sup>2</sup>	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										
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	10.90	9.84
Feb.	2 760	1 518	400	2 603	2 286	1 121	9.25	12.45	11.95	9.84
March	3 059	1 305	400	2 630	2 290	906	9.25	11.56	11.72	9.79
April	3 049	1 062	400	2 637	2 299	664	9.25	11.50	11.51	9.78
May	2 908	1 429	400	2 645	2 313	1 034	9.25	11.50	11.64	9.77
June	3 090	1 528	400	2 706	2 356	1 134	8.50	11.50	11.42	9.06
July	2 684	1 213	400	2 731	2 386	814	8.50	11.50	11.09	9.04
Aug.	2 312	1 010	400	2 771	2 418	611	8.50	11.50	10.63	..
Sept.	2 703	1 597	400	2 794	2 439	1 198	8.50	11.45	..	..

See explanations on page 22.

<sup>1</sup> End of period.

<sup>2</sup> 1. 9.—31. 12. 1975.

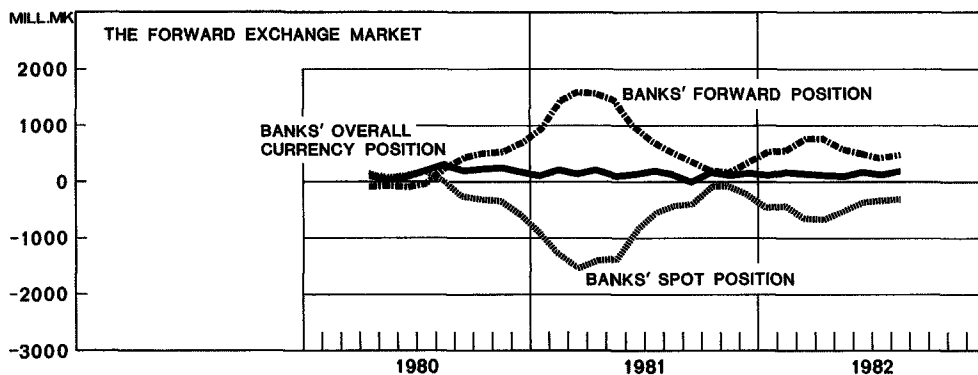




# FORWARD EXCHANGE MARKETS IN FINLAND<sup>1</sup>

Period	Banks' Forward Positions in mill. mk with						Banks' Forward Selling Rates for USD		
	Domestic Firms			Foreign Banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
1981	5 183.0	1 619.8	3 563.2	-581.0	-2 346.3	583.5	-4.4	-4.1	-3.6
1981									
Feb.	3 549.4	1 267.2	2 282.2	-246.6	-518.7	1 619.6	-3.2	-3.0	-2.6
March	3 708.9	1 292.4	2 416.5	-221.3	-728.3	1 312.1	-4.6	-3.8	-3.7
April	3 583.1	1 120.5	2 462.6	-272.7	-589.3	1 507.5	-4.9	-4.9	-4.4
May	3 639.6	1 345.6	2 294.0	-288.0	-895.1	1 212.6	-8.2	-8.2	-6.9
June	3 536.1	1 464.8	2 071.3	-400.1	-872.8	760.8	-7.6	-6.5	-5.5
July	3 481.8	1 609.9	1 871.9	-352.4	-883.7	686.1	-5.6	-5.0	-3.9
Aug.	3 637.9	1 493.6	2 144.4	-473.2	-1 171.7	424.6	-6.3	-5.7	-5.2
Sept.	5 012.2	1 905.0	3 107.2	-546.0	-2 030.9	380.9	-4.1	-4.6	-4.4
Oct.	4 776.6	1 847.5	2 929.1	-723.4	-1 812.7	301.7	-2.2	-2.2	-2.5
Nov.	5 267.6	1 788.5	3 479.2	-698.6	-2 424.4	291.7	-0.8	-0.7	-0.7
Dec.	5 183.0	1 619.8	3 563.2	-581.0	-2 346.3	583.5	0.1	0.3	-0.1
1982									
Jan.	4 984.2	1 581.2	3 402.9	-666.0	-2 242.9	607.4	-1.3	-0.7	-1.0
Feb.	5 054.0	1 666.4	3 387.6	-660.0	-2 081.1	666.8	-2.6	-2.3	-2.4
March	5 596.8	1 693.5	3 903.3	-522.1	-2 262.1	1 292.4	-1.3	-1.5	-1.7
April	5 936.4	1 596.8	4 339.6	-671.8	-2 879.4	666.5	-1.9	-1.9	-2.0
May	6 035.1	1 950.0	4 085.1	-486.4	-2 953.6	559.9	-1.3	-1.1	-1.1
June	5 942.0	1 703.4	4 238.6	-704.5	-2 797.7	637.3	-1.7	-1.7	-1.6
July	5 781.5	1 653.2	4 128.3	-871.0	-3 004.6	322.1	-0.6	-0.9	-1.3
Aug.	7 045.1	1 679.3	5 365.8	-854.4	-4 114.5	309.8	2.4	1.8	1.0

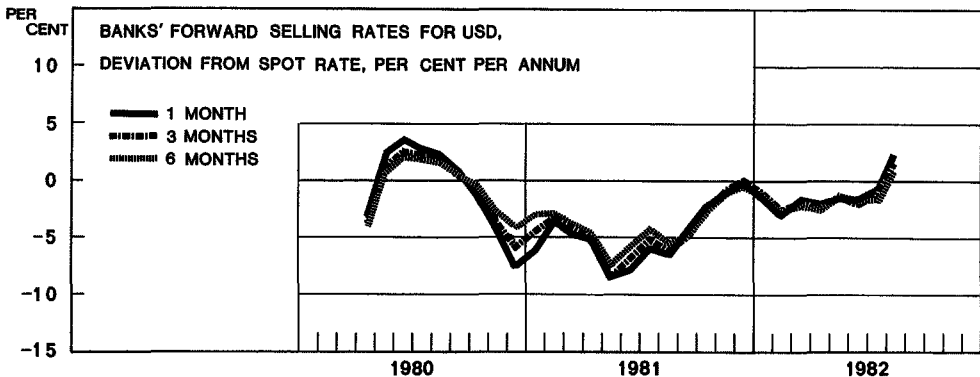
<sup>1</sup> See explanations relating to the statistical section on page 24.



# FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, mk

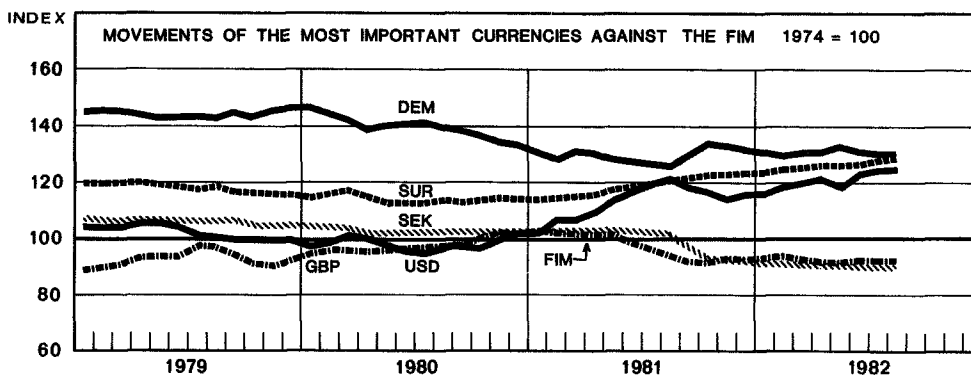
Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC	BEL
	1	2	3	4	5	6	7	8	9	10	11
1975	3.679	3.618	8.155		88.80	70.59	64.21	149.80	145.73	10.033	9.764
1976	3.864	3.922	6.983		88.86	70.95	64.04	153.78	146.42	10.030	9.812
1977	4.029	3.791	7.042		90.21	75.83	67.23	174.15	164.59	11.277	11.267
1978	4.117	3.617	7.917		91.43	78.93	75.06	205.53	190.77	13.152	12.959
1979	3.896	3.330	8.275		91.12	77.22	74.38	212.75	194.43	13.338	12.979
1980	3.730	3.194	8.691	7.689	88.43	75.81	66.53	205.58	188.02	12.818	12.635
1981	4.315	3.602	8.731	6.976	85.74	75.54	60.96	191.31	173.43	11.688	11.095
1981											
July	4.543	3.758	8.546	6.825	87.97	74.82	59.78	186.54	167.73	11.427	10.902
Aug.	4.629	3.787	8.445	6.792	87.59	75.24	59.23	185.36	167.01	11.381	10.553
Sept.	4.504	3.756	8.197	6.988	83.48	75.79	61.25	191.31	172.51	11.729	10.762
Oct.	4.424	3.682	8.173	7.009	80.19	75.19	61.61	196.84	178.23	11.830	10.803
Nov.	4.354	3.667	8.301	6.959	79.70	75.18	61.11	195.91	178.69	11.714	10.548
Dec.	4.375	3.697	8.368	6.909	79.24	75.96	60.07	194.01	177.21	11.498	10.258
1982											
Jan.	4.409	3.701	8.339	6.824	78.84	75.55	59.24	192.69	175.83	11.361	10.214
Feb.	4.515	3.726	8.352	6.739	78.49	75.76	58.02	191.07	174.23	11.024	10.014
March	4.574	3.751	8.275	6.751	78.51	76.01	57.01	192.48	174.93	10.334	9.346
April	4.613	3.772	8.179	6.675	78.12	75.94	56.66	192.74	173.74	10.214	9.228
May	4.512	3.664	8.180	6.767	78.12	75.72	57.60	195.56	176.05	10.361	9.477
June	4.678	3.681	8.237	6.669	77.88	75.76	56.23	193.17	174.76	10.164	9.271
July	4.735	3.729	8.224	6.624	77.56	74.65	55.57	192.36	174.14	10.086	9.376
Aug.	4.757	3.824	8.225	6.618	77.60	71.36	55.20	192.25	174.70	10.050	9.507
Sept.	4.806	3.897	8.247	6.595	77.34	69.80	54.73	192.36	175.57	9.993	9.602



## Average selling rates for foreign exchange, mk

Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 ÖS ATS	Lisbon 100 Esc PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESP	Tokyo 100 Y JPY	Moscow 1 CI Rbl SUR	1 special drawing right SDR	Currency index 1974 = 100
12	13	14	15	16	17	18	19	20	21	22
142.64	86.00	0.565	21.18	14.52	2.43	6.43	1.244	5.093	4.452 30	101.1
154.86	81.09	0.468	21.59	12.89	2.14	5.80	1.307	5.125	4.450 99	99.9
168.70	82.16	0.459	24.47	10.65	2.04	5.37	1.512	5.475	4.695 56	106.1
231.83	91.77	0.489	28.45	9.55	1.57	5.42	1.983	6.037	5.136 33	117.2
234.36	91.88	0.473	29.19	8.13	1.14	5.84	1.797	5.941	5.016 78	117.3
222.87	88.65	0.440	28.90	7.60	0.81	5.25	1.662	5.741	4.842 55	113.6
220.34	79.92	0.385	27.17	7.17	60.35	4.72	1.967	5.986	5.071 40	113.1
217.10	78.75	0.379	26.52	7.17	61.19	4.70	1.967	6.028	5.149 46	113.1
213.77	77.77	0.377	26.42	7.11	61.06	4.67	1.992	6.078	5.185 00	113.1
222.42	80.18	0.384	27.26	7.04	58.14	4.73	1.972	6.127	5.139 41	113.1
234.86	79.05	0.376	28.11	7.02	57.81	4.66	1.922	6.165	5.094 12	113.1
244.06	77.98	0.371	27.94	6.93	55.05	4.61	1.959	6.188	5.065 32	113.1
241.26	76.96	0.367	27.67	6.87	53.60	4.56	2.010	6.207	5.083 06	113.1
239.40	76.09	0.364	27.52	6.79	50.06	4.53	1.974	6.215	5.074 63	113.1
239.02	75.25	0.358	27.27	6.58	47.75	4.50	1.922	6.265	5.106 00	113.1
242.70	74.70	0.355	27.43	6.53	45.94	4.40	1.904	6.307	5.129 23	113.1
235.81	74.09	0.351	27.45	6.42	44.99	4.37	1.896	6.378	5.138 80	113.1
231.86	75.17	0.353	27.79	6.44	42.99	4.39	1.910	6.353	5.107 78	113.1
225.93	71.66	0.347	27.44	6.07	42.20	4.31	1.870	6.397	5.147 87	113.1
226.29	69.30	0.344	27.36	5.66	40.60	4.26	1.862	6.458	5.159 48	113.1
226.15	68.97	0.344	27.38	5.59	36.89	4.26	1.844	6.498	5.160 27	113.1
225.33	68.26	0.343	27.40	5.53	33.51	4.27	1.834	6.522	5.179 44	113.1

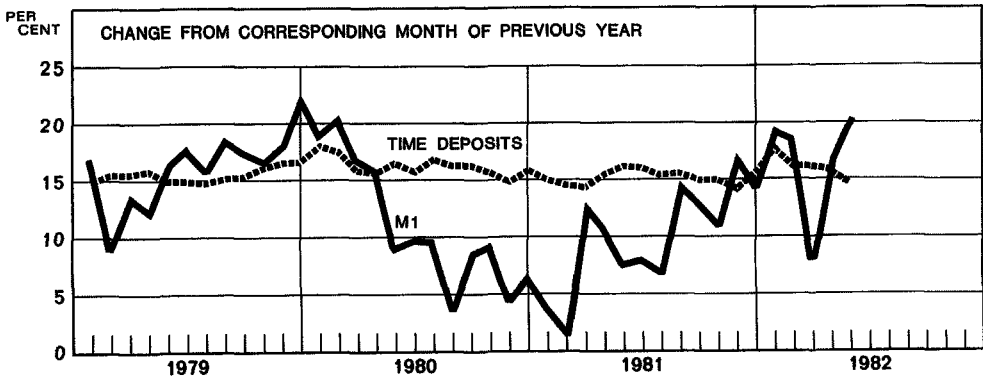
<sup>1</sup> See item on page 31.



DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	
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
1981	5 791	2 879	2 952	11 622	26 094	22 937	18 598	7 448	75 077	86 699
<b>1981</b>										
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
Dec.	5 791	2 879	2 952	11 622	26 094	22 937	18 598	7 448	75 077	86 699
<b>1982*</b>										
Jan.	5 103	2 641	3 734	11 478	26 143	24 721	18 870	7 651	77 385	88 863
Feb.	4 614	2 544	3 527	10 685	26 472	23 673	19 275	7 779	77 199	87 884
March	5 156	2 617	3 443	11 216	26 601	23 537	19 176	7 604	76 918	88 134
April	5 098	2 768	4 023	11 889	27 175	23 891	19 511	7 678	78 255	90 144
May	5 528	2 933	3 593	12 054	27 129	24 095	19 700	7 961	78 885	90 939



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

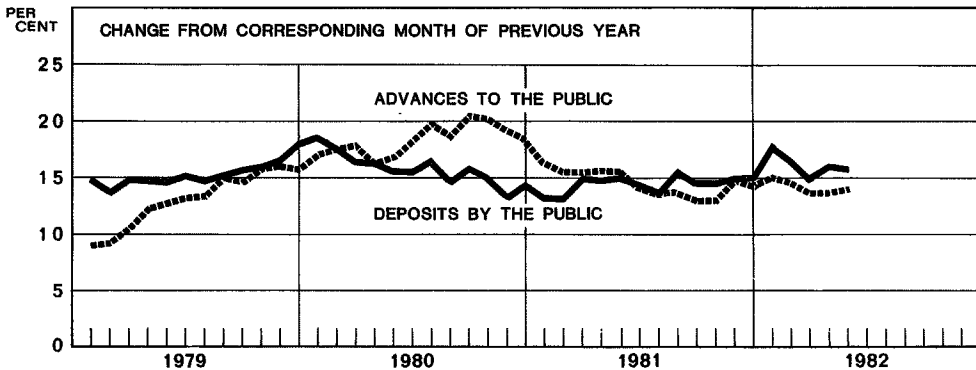
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M <sub>1</sub>	M <sub>1</sub> +Quasi-Money
	1	2	3	4	5	6	7		8	9
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
1981	40 462	22 009	20 059	11 135	80 817	2 877	9 971	93 665	17 186	94 577

1981

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
Dec.	40 462	22 009	20 059	11 135	80 817	2 877	9 971	93 665	17 186	94 577

1982\*

Jan.	40 501	22 278	20 279	11 064	81 630	3 140	9 352	94 122	17 114	95 468
Feb.	40 908	22 451	20 436	10 966	82 174	3 483	9 104	94 761	16 205	95 993
March	41 214	22 698	20 636	10 761	82 807	3 762	8 740	95 309	16 353	95 919
April	41 818	22 974	20 916	10 835	83 816	3 821	8 906	96 543	17 340	98 004
May	42 625	23 297	21 293	10 905	85 079	3 851	9 190	98 120	17 615	98 886



## STATE FINANCES

Mill. mk

Revenue	Jan.-June		Expenditure	Jan.-June	
	1981	1982		1981	1982
Income and wealth tax (net)	7 470	7 098	Wages, salaries, pensions etc.	4 307	4 953
Gross receipts	(20 008)	(19 941)	Repair and maintenance	564	590
Refunds & local authorities	(-12 538)	(-12 843)	Other consumption expenditure	2 613	3 266
Other taxes on income and wealth	178	245	Total consumption expenditure	7 484	8 809
Employers' child allowance payments	57	1	State aid to local authorities	5 698	6 438
Sales tax	6 468	7 024	State aid to industries	4 041	4 761
Customs duties and import charges and levies	710	832	of which: agric. price subsidies	(1 803)	(2 225)
Excise duties	4 565	5 285	Child allowances	792	878
Excise duty on alcoholic beverages	1 343	1 544	Share in national pensions and sickness insurance schemes	269	395
Excise duty on tobacco	563	628	Other transfer expenditure	3 464	4 120
Excise duty on liquid fuel	1 405	1 651	Total transfer expenditure	14 264	16 592
Other excise duties	1 254	1 462	Machinery and equipment	780	809
Tax on autom. and motor-cycles	834	941	Construction of buildings	356	387
Stamp duties	562	679	Land and waterway construction	905	1 010
Special diesel etc. vehicles tax	99	105	Total real investment	2 041	2 206
Other taxes and similar revenue	583	669	Interest on State debt	762	1 245
Total taxes	21 526	22 879	Net deficit of State enterprises	-24	-10
Miscellaneous revenue	1 719	1 986	Other expenditure	21	3
Interest, dividends etc.	537	936	Total other expenditure	759	1 238
Redemptions of loans granted	411	475	Increase in inventories	-133	-272
<b>Total revenue</b>	24 193	26 276	Lending	1 473	1 773
Foreign borrowing	1 125	2 329	Other financial investment	264	230
Domestic borrowing	1 430	2 014	<b>Total expenditure</b>	26 152	30 576
<b>Total borrowing</b>	2 555	4 343	Redemption of foreign loans	203	473
<b>Deficit (+) or surplus (-)</b>	559	1 711	Redemption of domestic loans	952	1 281
			<b>Total redemptions</b>	1 155	1 754
<b>Total</b>	27 307	32 330	<b>Total</b>	27 307	32 330

State debt	1979	1980	1981 <sup>1</sup>	1982		
	Dec.	Dec.	Dec.	April	May	June
<b>Foreign debt</b>	8 964	10 341	13 331	15 421	15 505	15 441
Long-term debt	6 051	7 585	8 762	8 856	9 166	9 390
Short-term credit	174	40	9	43	29	37
<b>Domestic debt</b>	6 225	7 625	8 771	8 899	9 195	9 427
<b>Total State debt</b>	15 189	17 966	22 102	24 320	24 700	24 868
Total debt mill. \$	4 061	4 642	5 052	5 272	5 474	5 316

<sup>1</sup> Since December 1981 State debt has been expressed in gross terms. As a result cash assets are no longer deducted from domestic debt; foreign debt is unaffected by the change. The short-term debt of the State Granary is excluded from the figures.

# 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	60 308	61 269	-961

1981

Sept.	5 097	5 282	-185
Oct.	5 626	5 217	+409
Nov.	5 645	5 504	+141
Dec.	4 944	5 712	-768

1982\*

Jan.	5 330	5 004	+326
Feb.	5 472	4 786	+686
March	5 297	4 982	+315
April	5 079	5 378	-299
May	5 118	4 911	+207
June	5 417	4 982	+435
July	4 288	4 832	-544

Jan.-July

1981	34 219	33 613	+606
1982*	36 001	34 875	+1 126

Indices of exports and imports  
1980 = 100<sup>1</sup>

Period	Indices of exports and imports 1980 = 100 <sup>1</sup>				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1976	71	86	65	57	114
1977	78	79	75	67	113
1978	84	75	80	74	108
1979	92	89	90	86	105
1980	100	100	100	100	100
1981	103	94	111	112	99

1980

Apr.-June	95	96	99	100	99
July-Sept.	97	107	100	100	100
Oct.-Dec.	107	101	104	102	102

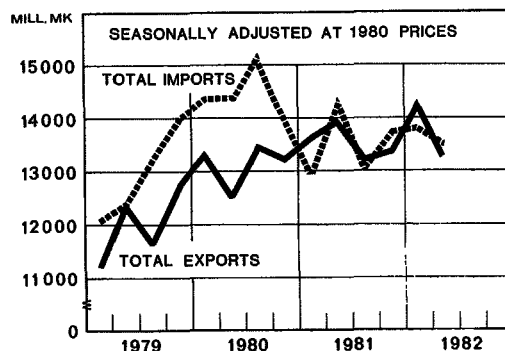
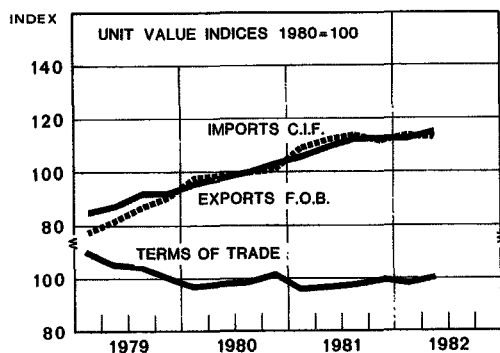
1981

Jan.-March	102	84	107	110	97
Apr.-June	106	95	110	113	98
July-Sept.	95	94	113	115	99
Oct.-Dec.	108	100	114	113	100

1982\*

Jan.-March	106	88	114	115	99
Apr.-June	103	92	115	114	101

<sup>1</sup> New series.



# 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	6 852	17 127	14 858	19 435	39 156	5 115	8 877	8 015	106

## 1981

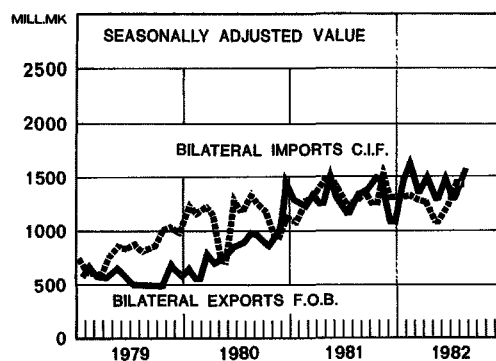
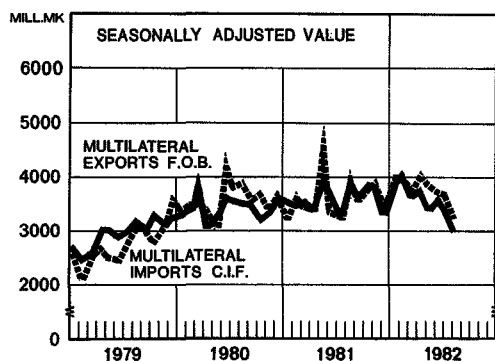
Sept.	103	536	1 560	1 028	1 870	3 455	561	588	674	4
Oct.	82	574	1 589	1 511	1 870	3 223	454	777	759	4
Nov.	70	579	1 514	1 513	1 969	3 614	474	705	707	4
Dec.	325	538	1 400	1 217	1 464	3 818	426	825	632	11

## 1982\*

Jan.	60	460	1 546	1 427	1 837	3 153	224	991	631	5
Feb.	352	457	1 438	1 398	1 827	3 089	267	648	779	3
March	356	461	1 622	1 240	1 618	3 190	230	736	823	3
April	57	569	1 453	1 266	1 734	3 491	265	777	843	2
May	220	536	1 469	1 280	1 613	3 244	272	696	680	19
June	80	583	1 446	1 789	1 519	3 229	469	640	638	6
July	46	421	1 294	1 572	955	3 024	457	713	611	27

## Jan.-July

1981	1 361	4 110	9 748	8 671	10 329	21 462	2 556	4 947	4 572	76
1982*	1 171	3 487	10 268	9 972	11 103	22 420	2 184	5 201	5 005	65





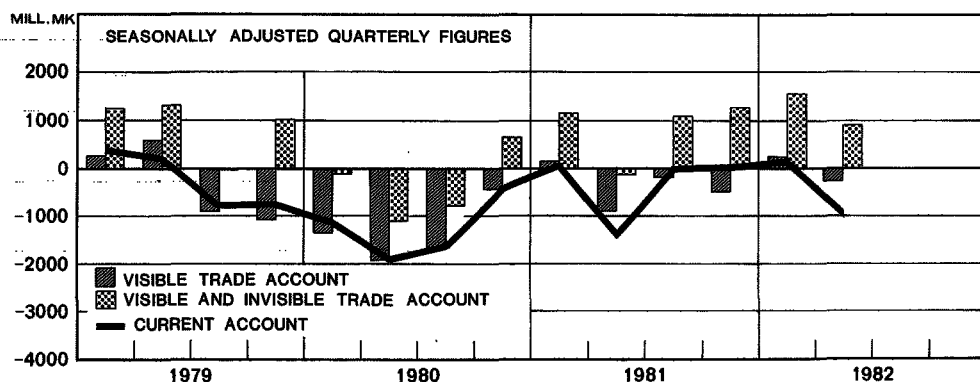
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—July				January—July			
	1981*		1982*		1981*		1982*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	55.8	19 087	55.5	19 990	51.8	17 416	54.5	18 995
Austria	0.5	187	0.7	235	1.2	410	1.3	472
Belgium and Luxembourg	1.3	457	1.5	519	1.8	613	1.8	628
Denmark	3.1	1 059	4.1	1 490	2.3	762	2.4	830
France	4.2	1 445	4.3	1 558	3.4	1 155	3.4	1 200
Federal Republic of Germany	9.3	3 184	9.6	3 467	12.3	4 136	13.6	4 753
Italy	2.0	698	2.0	731	2.4	801	2.7	935
Netherlands	3.4	1 157	3.1	1 103	2.6	867	2.7	933
Norway	4.5	1 538	4.0	1 431	2.6	883	2.2	755
Portugal	0.3	87	0.2	82	0.5	155	0.6	210
Spain	0.8	273	0.8	296	0.6	199	0.7	229
Sweden	12.3	4 190	11.7	4 227	11.3	3 815	13.2	4 623
Switzerland	1.5	510	1.4	502	1.8	591	1.8	611
United Kingdom	10.7	3 672	10.4	3 729	8.3	2 801	7.5	2 612
Other	1.9	630	1.7	620	0.7	228	0.6	204
<b>OECD countries outside Europe</b>	5.8	2 003	5.9	2 114	12.1	4 065	11.8	4 133
Canada	0.7	237	0.9	308	0.7	232	0.9	327
Japan	0.8	287	1.2	429	3.8	1 283	4.2	1 461
United States	3.4	1 179	2.8	1 002	7.4	2 474	6.4	2 250
Other	0.9	300	1.0	375	0.2	76	0.3	95
<b>CMEA countries</b>	27.1	9 272	28.7	10 324	27.1	9 111	25.4	8 853
Czechoslovakia	0.2	76	0.4	119	0.7	219	0.6	212
German Democratic Republic	0.6	200	0.5	174	0.7	220	0.6	224
Poland	0.1	38	0.1	44	1.5	508	1.5	519
Soviet Union	25.4	8 697	26.6	9 582	23.2	7 814	21.7	7 553
Other	0.8	261	1.1	405	1.0	350	1.0	345
<b>Latin America</b>	2.4	808	1.1	388	2.2	739	2.6	894
Argentina	0.4	149	0.2	55	0.1	52	0.2	65
Brazil	0.3	105	0.3	106	0.7	230	0.9	293
Colombia	0.1	45	0.1	47	0.5	160	0.5	185
Other	1.6	509	0.5	180	0.9	297	1.0	351
<b>Other</b>	8.9	3 049	8.8	3 185	6.8	2 282	5.7	2 000
<b>GRAND TOTAL</b>	100.0	34 219	100.0	36 001	100.0	33 613	100.0	34 875
of which								
<b>EFTA countries</b>	19.1	6 554	18.1	6 530	17.6	5 917	19.3	6 726
<b>EEC countries</b>	35.5	12 133	36.4	13 095	33.5	11 279	34.5	12 047
<b>OECD countries</b>	61.6	21 090	61.4	22 104	63.9	21 481	66.3	23 128

# 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	Un-required 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	+3 064	+320	+587	-1 484	-3 308	-454	+91	-5 155
1981*	60 254	61 690	-1 436	+3 356	+406	+1 055	+3 381	-4 400	-447	+149	-1 317
<b>1979</b>											
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
<b>1980</b>											
Jan.-March	12 788	13 608	-820	+878	-103	+338	+293	-787	-169	-5	-668
Apr.-June	12 470	14 029	-1 559	+567	+80	+83	-829	-723	-100	+55	-1 597
July-Sept.	12 864	15 643	-2 779	+855	+298	+100	-1 526	-765	-102	+34	-2 359
Oct.-Dec.	14 738	15 035	-297	+764	+45	+66	+578	-1 033	-83	+7	-531
<b>1981*</b>											
Jan.-March	14 468	13 622	+846	+879	-87	+92	+1 730	-993	-117	+10	+630
Apr.-June	15 487	15 804	-317	+822	+78	-163	+420	-1 260	-114	+57	-897
July-Sept.	14 099	15 738	-1 639	+864	+443	+405	+73	-1 031	-96	+61	-993
Oct.-Dec.	16 200	16 526	-326	+791	-28	+721	+1 158	-1 116	-120	+21	-57
<b>1982*</b>											
Jan.-March	16 000	14 892	+1 108	+935	-158	+374	+2 259	-1 104	-213	-2	+940
Apr.-June	15 597	15 393	+204	+988	-98	+211	+1 305	-1 633	-191	+61	-458



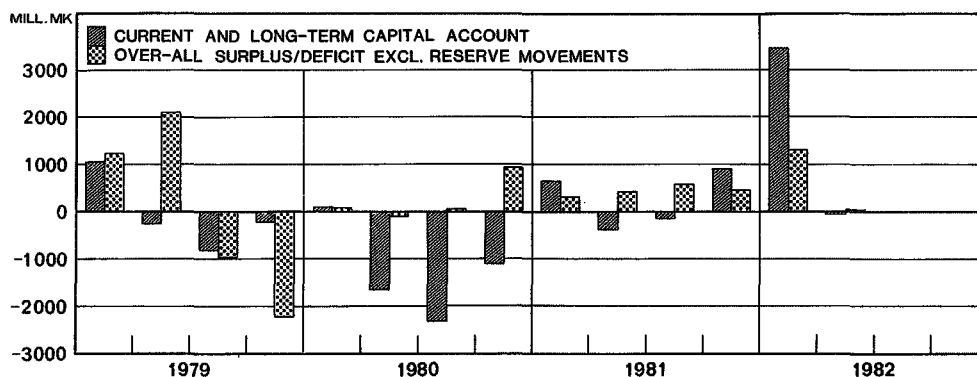
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net <sup>2</sup>	Miscellaneous, short-term capital terms, incl. errors and omissions <sup>2</sup>	Over-all surplus deficit excl. reserve movements <sup>2</sup>	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	-4 973	+3 255	-967	+3 930	-250	+995	-995
+8 312	-4 643	-518	-826	+2 325	+1 008	-1 040	+437	-406	+1 804	+1 803	-1 803
+2 202	-1 626	-8	-46	+522	+1 059	-19	-63	+819	-564 <sup>3</sup>	+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	+91	+302	-31	+518	-797 <sup>3</sup>	+83	-83
+1 076	-997	-39	-86	-46	-1 643	+1 498	-32	+1 666	-1 584	-95	+95
+1 126	-913	-36	-146	+31	-2 328	+711	-452	+1 189	+934	+54	-54
+873	-1 117	-187	-131	-562	-1 093	+744	-452	+557	+1 197	+953	-953
+1 404	-955	-227	-235	-13	+617	-473	+789	-163	-461 <sup>3</sup>	+309	-309
+1 948	-1 213	+11	-233	+513	-384	+867	+790	-21	-822	+430	-430
+1 932	-797	-91	-200	+844	-149	+95	-571	-822	+2 034	+587	-587
+3 028	-1 678	-211	-158	+981	+924	-1 529	-571	+600	+1 053	+477	-477
+3 637	-806	-114	-166	+2 551	+3 491	-974	+278	-1 509	+26	+1 312	-1 312
+2 332	-1 555	-60	-320	+397	-61	-60	+169	+56	-59	+45	-45

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

<sup>1</sup> Including direct investment, net.

<sup>2</sup> 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.

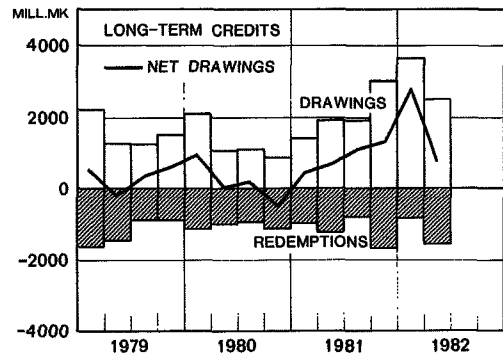
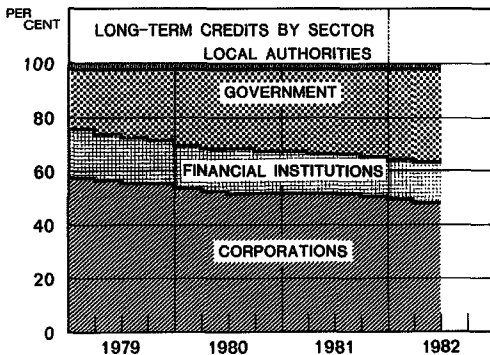
<sup>3</sup> Including allocations of special drawing rights: 139 million in 1979, 133 million in 1980 and 131 million in 1981.



# FINLAND'S FOREIGN ASSETS AND LIABILITIES

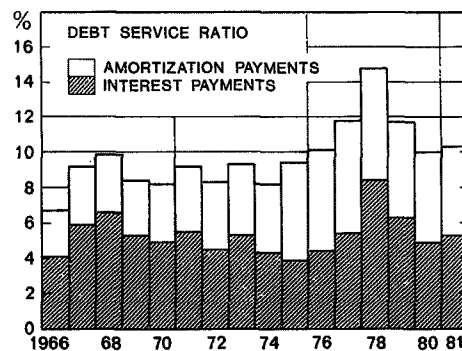
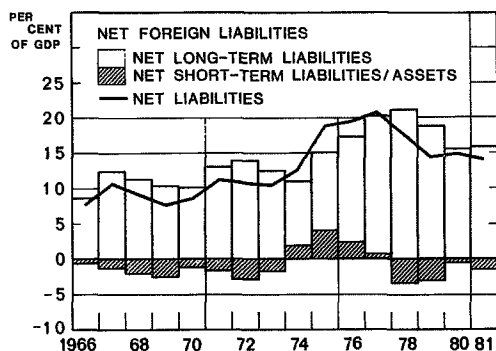
End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	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
1979										
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
1982*										
March	4 960	3 616	1 415	9 991	38 669	4 623	2 263	709	46 264	36 273
June	5 100	3 844	1 471	10 415	39 847	4 456	2 313	696	47 312	36 897

See explanations on page 22.



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	13 732	14 176	39 270	2 427	20 218	13 565	36 210	-3 060	30 078	7 971	3 494
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	10 149	12 357	32 207	2 680	16 543	12 409	31 632	-575	28 555	1 744	732
10 125	11 464	12 299	33 888	2 437	18 080	14 102	34 619	731	31 686	2 178	897
10 817	12 627	13 152	36 596	2 403	18 487	14 690	35 580	-1 016	31 165	1 646	595
11 362	13 732	14 176	39 270	2 427	20 218	13 565	36 210	-3 060	30 078	2 403	1 270
12 795	13 597	13 950	40 342	3 074	18 592	12 418	34 084	-6 258	30 015	1 783	600
12 846	14 301	13 850	40 997	3 077	19 341	12 736	35 154	-5 843	31 054	2 658	994

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		
		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										
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
Feb.	1 103	192.8	190.7	200.2	196.8	195.4	181.1	114.1	113.0	114.0
March	1 103	192.8	192.0	195.7	195.4	198.0	182.2	115.7	116.8	115.0
April	1 106	193.3	192.5	195.9	194.7	200.3	184.0	116.8	117.1	116.4
May	1 110	193.9	193.4	195.7	194.8	201.2	185.9	117.0	116.1	117.0
June	1 120	195.6	194.4	199.9	197.5	201.9	186.1	117.5	116.1	117.5
July	1 120	195.8	194.4	200.7	196.8	203.7	186.8	117.4	116.1	117.7
Aug.	1 118	195.4	194.1	200.2	195.6	204.3	187.7	118.1	116.1	118.6

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											
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
Feb.	153.1	147.5	176.4	151.1	147.2	182.7	142.9	161.2	156.2	141.8	159.5
March	155.0	152.4	176.5	152.9	148.5	183.3	143.4	163.0	157.8	141.8	160.6
April	156.1	155.3	176.5	154.8	148.5	178.2	145.5	163.1	156.6	144.8	164.0
May	158.6	156.7	176.5	155.3	159.2	178.4	146.0	165.5	157.9	145.4	164.8
June	158.9	157.3	176.4	156.0	159.2	178.4	146.4	167.1	157.6	145.8	164.9
July	160.1	161.1	176.5	154.7	159.2	178.4	148.7	167.1	158.9	146.1	166.1
Aug.	159.7	157.6	176.4	156.2	159.2	178.8	148.3	166.3	158.5	148.2	167.7

## 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
	Agriculture	Industry	Construction							
1980	179.3	170.4	146.3	166.0	161.9	156.8	169.8	166.3	167.5	166.8
1981*	201.3	192.4	165.6	186.1	182.2	174.9	191.8	187.4	188.7	188.0
1981*										
Apr.-June	199.5	194.3	163.7	185.1	182.0	174.1	192.0	186.9	189.2	188.0
July-Sept.	201.0	193.7	166.9	187.7	183.6	175.8	193.9	189.3	190.5	189.9
Oct.-Dec.	210.9	198.5	173.6	192.3	186.7	179.3	198.5	193.5	195.8	194.1
1982*										
Jan.-March	215.3	205.9	176.7	196.7	191.9	183.9	203.7	197.9	200.6	199.2
Apr.-June	224.0	214.7	180.3	205.5	199.9	192.9	211.4	206.0	208.2	207.1

## 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
1980*										
Jan.-March	113	126	74	149	79	88	110	97	124	112
Apr.-June	114	126	84	146	79	91	112	104	123	117
July-Sept.	117	116	193	96	111	90	123	107	125	114
Oct.-Dec.	126	136	83	168	121	92	131	114	127	120
1981*										
Jan.-March	114	130	73	143	79	89	111	95	128	116
Apr.-June	118	132	89	155	76	93	119	107	128	122
July-Sept.	116	119	157	80	100	91	124	108	130	117
Oct.-Dec.	128	141	78	149	122	97	134	116	132	124
1982*										
Jan.-March	114	129	69	135	74	88	113	96	133	119

# PRODUCTION

Index of industrial production 1975 = 100

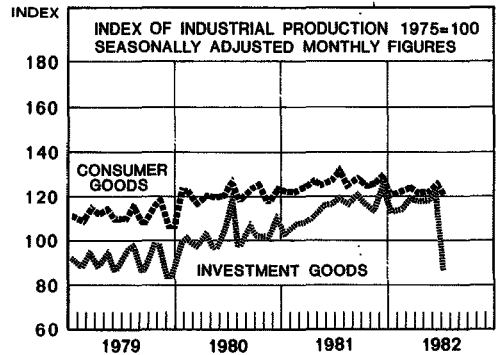
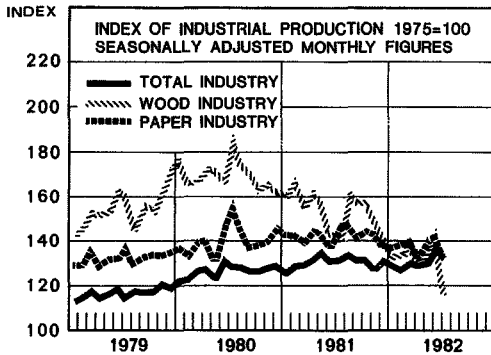
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	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	127.5	105.0	122.9	135.7	117.2	170.6	142.6	135.3	117.6	123.3	127.8
1981*	131.6	115.9	127.1	138.0	123.3	154.8	144.4	144.2	117.8	131.6	131.9

## 1981\*

June	126.5	121.7	124.2	128.9	121.7	157.1	113.0	151.3	122.6	139.5	132.1
July	90.3	61.8	82.5	101.8	115.6	70.6	148.6	102.2	80.3	69.1	132.7
Aug.	132.3	114.9	127.8	139.2	120.8	143.8	158.8	154.9	115.6	126.6	135.1
Sept.	141.3	130.3	134.7	147.4	133.8	172.9	146.4	150.4	130.9	147.2	132.5
Oct.	146.1	130.9	142.5	152.0	149.0	166.7	158.9	146.2	127.4	147.3	132.5
Nov.	139.1	126.4	135.6	144.3	138.5	151.9	152.0	132.5	120.7	144.4	128.4
Dec.	134.4	132.8	132.7	135.6	125.8	133.1	130.7	124.4	108.9	146.3	132.1

## 1982\*

Jan.	130.7	115.8	125.6	137.3	108.1	120.6	145.8	134.8	98.2	134.5	130.1
Feb.	125.6	117.3	119.9	130.5	100.9	129.2	135.2	129.6	96.5	133.5	128.5
March	142.9	128.6	136.9	149.7	122.8	167.3	150.4	155.7	118.0	147.4	131.0
April	128.0	117.4	123.5	133.0	113.0	146.8	120.6	146.9	109.8	136.2	130.4
May	135.8	124.6	127.5	142.8	119.8	164.4	139.6	149.8	117.5	145.2	131.0
June	134.6	130.9	123.1	141.0	122.4	156.6	124.9	129.4	119.1	144.6	139.5
July	86.7	46.1	75.7	103.2	108.8	56.4	137.1	81.1	71.6	51.9	132.8





# 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	125	141
1981								
Oct.	3 641	2 352	2 230	122	5.2	3 440	127	153
Nov.	3 642	2 349	2 223	126	5.4	3 679	122	142
Dec.	3 644	2 337	2 205	132	5.6	4 370	160	159
1982*								
Jan.	3 648	2 376	2 204	172	7.2	3 278	108	115
Feb.	3 649	2 378	2 219	159	6.9	4 260	107	126
March	3 654	2 335	2 175	160	6.9	5 781	120	148
April	3 656	2 363	2 201	162	6.8	5 243	125	142
May	3 655	2 406	2 276	130	5.4	3 564	125	142
June	3 659	2 574	2 436	138	5.4	2 582	131	144
July	3 659	2 586	2 441	145	5.6	1 167	..	..

## 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											
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	42.78	17.24	4.82	14.66	3.84	49.83
1981*	44.73	17.96	5.72	14.56	3.47	40.10	16.11	4.26	13.86	3.76	48.89
1981*											
Jan.-March	7.17	2.85	0.90	2.47	0.49	8.67	3.77	0.58	3.18	0.85	44.47
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	9.54	3.37	1.39	2.93	1.01	53.75
Oct.-Dec.	9.84	3.16	0.87	4.07	1.19	13.80	5.18	1.70	5.03	1.32	48.89
1982*											
Jan.-March	8.71	3.08	1.25	3.15	0.73	7.33	3.41	0.65	2.72	0.35	44.46

# 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.

## FORWARD EXCHANGE MARKETS IN FINLAND

Page 7. The figures for columns 1—6 are calculated by the Bank of Finland on the basis of monthly reports from the banks on their outstanding forward exchange positions at the end of each month. The figures for columns 7—9 are based on monthly averages of daily representative quotations, as reported by the banks to the Bank of Finland.

The banks' foreign currency positions shown in the chart at the bottom of page 7 are monthly averages of daily spot and forward positions vis-à-vis the Finnish mark as reported by the commercial banks to the Bank of Finland. The spot position includes all foreign currency-denominated assets and liabilities of the banks, excluding their outstanding forward contracts.

## FOREIGN EXCHANGE RATES

Pages 8—9. *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. The chart at the bottom of page 8 shows the banks' forward selling rates for the US dollar as deviations from the spot rate.

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

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

Page 10. *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 11. *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 12. Official figures computed by the Economics 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.

## FOREIGN TRADE

Pages 13—15. Figures supplied by the Board of Customs. *Indices* (p. 13): 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. 15): from January 1980 imports by countries of origin exports by countries of consignment.

## BALANCE OF PAYMENTS

Pages 16—17. 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 18—19. 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 20. All indices calculated by the Central Statistical Office

## WAGES — PRODUCTION

Pages 21—22. Figures supplied by the Central Statistical Office. Page 22. *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.

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

Page 23. *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, IDB 1977 and AfDB 1982.

## LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 244 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1980) 2.5 mill. ha (8.2%) are cultivated and 19.7 mill. ha (64.5%) 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 (1980): 4.8 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1980): In South Finland 46.8, in East and Central Finland 14.0, in North Finland 4.1 and in the whole country an average of 15.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1980): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 483 036 inhabitants, Tampere (Tammerfors) 186 228, Turku (Åbo) 163 680.

EMPLOYMENT (1981): Agriculture and forestry 11%, industry and construction 35%, commerce 14%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1980): Finnish speaking 93.5% Swedish speaking 6.3%, others 0.2%.

EDUCATION (1981): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1980): births 13.2‰, deaths 9.3‰, change + 2.8‰, net immigration - 0.3‰. Deaths in France 10.1‰ and Great Britain 11.8‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1981), in million marks: Gross domestic product at factor cost by industrial origin: agriculture 6 758 (4%) forestry and fishing 9 590 (5%), manufacturing 60 991 (33%), construction 13 447 (7%), trade, restaurants and hotels 21 508 (11%), transport and communication 15 358 (8%), banking and insurance 7 816 (4%), ownership of dwellings 13 066 (7%) other services 40 280 (21%), total 188 814. Index of real domestic product 121 (1975 = 100).

FOREST RESOURCES (1980). The growing stock comprised of 1 631 million m<sup>3</sup> (solid volume with bark) of which 44% was pine and 38% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 690 million m<sup>3</sup> was up to the standard required for logs, 56% of these being pine. The annual growth was 65 million m<sup>3</sup> and the total drain calculated on the basis of roundwood consumption was 59 million m<sup>3</sup>.

AGRICULTURE (1980). Cultivated land 2.3 million hectares. Number of holdings 224 721 of which 155 277 are of more than 5 ha. Measure of self-sufficiency in bread cereals 70%.

INDUSTRY (1981). Gross value of industrial production 193 314 mill. marks, number of workers 419 443, salaried employees 144 692, motive power 8.0 mill. kW. Index of industrial production 132 for 1981 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1981): Length 6 976 km.

MERCHANT FLEET (June 30, 1982): Passenger vessels 151 (261 238 gross reg. tons), tankers 44 (1 075 693 gross reg. tons), dry cargo vessels 190 (888 216 gross reg. tons), other vessels 97 (15 101 gross reg. tons), total 482 (2 240 248 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1981): Passenger cars 1 279 192 lorries and vans 155 001, buses 9 384, others 9 384, total 1 452 631.

FINNISH AIRLINES (April 1, 1982): Finnair and Kar-Air have in use 2 DC-8, 1 DC-6-ST, 3 Super Caravelles, 9 DC-9-14/15, 5 DC-9-41, 12 DC-9-51, 3 DC-10-30, 2 Fokker F-27 and 2 Embraer Bandeirante. Companies have scheduled traffic outside of Finland to 38 airports and to 20 domestic airports.

## FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). 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 Fml 23.2, Skr 16.7, £ 13.2, DM 13.1 \$ 10.0, other currencies 23.8. The permissible range of fluctuation is about 2.25 per cent on either side of the arithmetic mean. The fluctuation limits are 127.5 and 121.9.

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, 1981). There are two big and five small commercial banks with in all 891 offices, 274 savings banks, 371 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 (June 1, 1982). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 8 ½%. The range of rates for other credits granted by the Bank of Finland is between 6% and 11%. Other credit institutions: time deposits 4 ¼%; 6 month deposits 5 ½%; 12 month deposits 7%; 24 month deposits 8 ¼% and sight deposits 1 ¼%. The highest lending rate 12 ½%.

# SOME CHARACTERISTICS OF SAVING IN FINLAND, NORWAY AND SWEDEN<sup>1</sup>

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An analysis of saving behaviour in Finland, Norway and Sweden reveals many similarities. First, the household savings ratios — savings in relation to disposable income — have fluctuated quite sharply during the past two decades, as can be seen in Figure 1.<sup>2</sup> Savings have even taken negative values in Norway. The savings ratios for the whole private sector have also shown large variations.

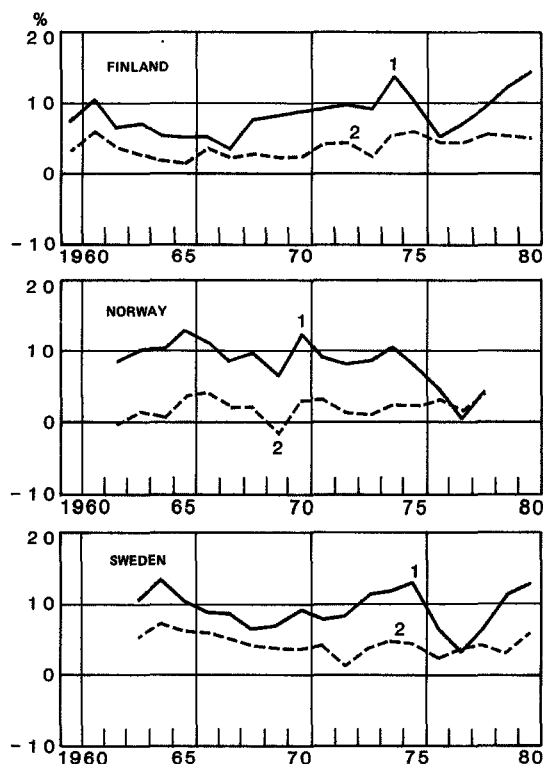
Second, and perhaps more importantly, the level of household savings ratios in all these three countries seems to be very low by international standards. Thus, the average values of the savings ratios for Finland and Sweden are about 4 per cent over the period 1960—1980 and only about 2 per cent for Norway over the period 1962—1978. These values are markedly lower than those of other OECD countries. For example, the corresponding values for the United States, the United Kingdom and the Federal Republic of Germany are about 8 per cent, 7 per cent and 15 per cent, respectively, over the period 1965—1977.

Third, the fact that the household savings ratio — and also that of the private sector as a whole — has been so low in Finland, Norway and Sweden has meant that the major proportion of (net) national saving has come from the public sector. As is evident from Figure 2, the share of general government in national saving averaged 50—60 per cent

in the 1960s and 1970s, whereas the corresponding shares for other OECD countries were much lower.

This sectoral distribution of savings did not give rise to any serious problems before the mid 1970s, since up to that time public sector saving was fairly stable. In the late 1970s, however, the situation deteriorated significantly as regards financing investment. During

FIGURE 1. SAVINGS RATIOS

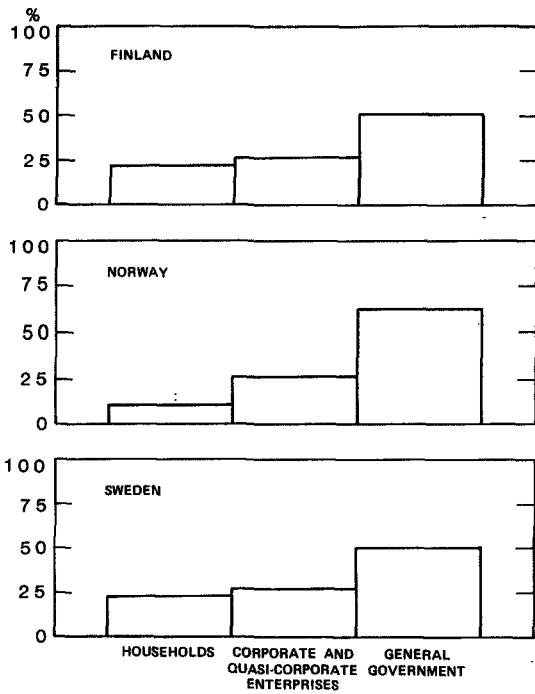


1. PRIVATE SECTOR  
2. HOUSEHOLDS

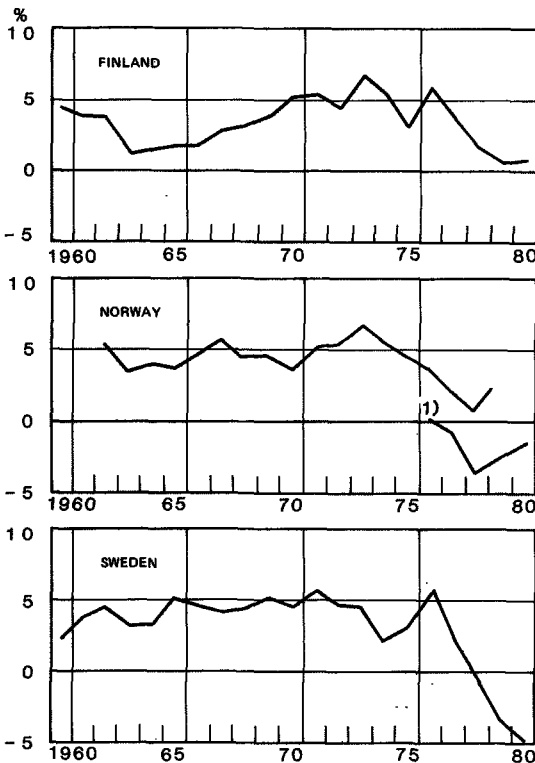
<sup>1</sup> Financial support from the Economic Research Council of the Nordic Countries is gratefully acknowledged.

<sup>2</sup> All data has been compiled according to the current SNA. Lack of suitable data for Denmark prevented the inclusion of this country in the data sample. Data sources: OECD National Accounts, various issues; Statistical Reports (Sweden) N 1981: 2.4, and Cappelen, Å.: Income Distribution and Consumption 1962—1980, Statistisk Sentralbyrå, Oslo 1980.

**FIGURE 2. DISTRIBUTION OF SAVING BY SECTORS**



**FIGURE 3. NET LENDING OF GENERAL GOVERNMENT, PER CENT OF NATIONAL INCOME**



1) INCLUDING LOCAL GOVERNMENT ENTERPRISES

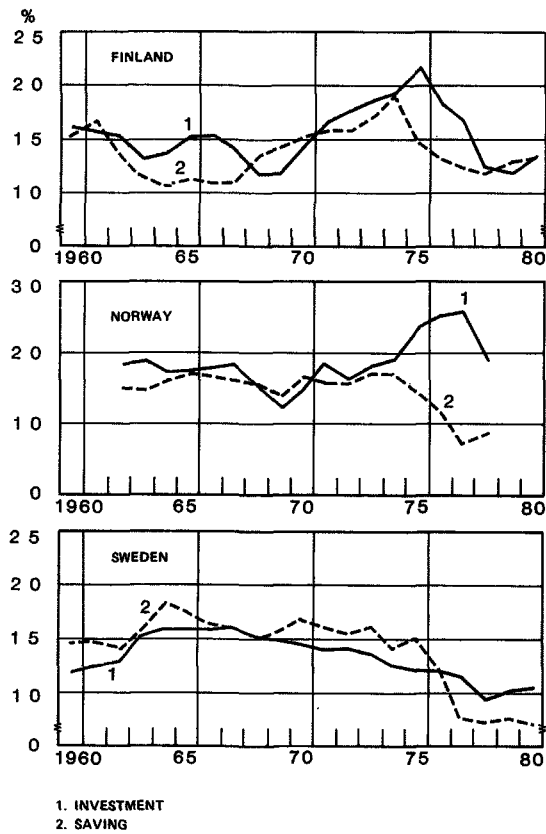
that time net lending of general government decreased quite sharply in all three countries. This can be seen in Figure 3, where the Swedish evidence is particularly striking. It should be stressed, however, that the fall in the net lending of general government as a percentage of national income was not accompanied by a rise in the household savings ratio, so that the level of national saving actually decreased (see Figure 4).

This raises the question of whether variations in national saving matter insofar as changes in investment are concerned; i.e. what is the degree of capital mobility between countries? Under perfect capital mobility there should be no relation between domestic saving and domestic investment: saving in a particular country would respond to worldwide opportunities for investment, while investment in that country would be financed out of the worldwide pool of capital. On the other hand, if saving tends to be invested in the country of origin, then differences in investment rates should correspond closely to differences in savings rates. Clearly, concern about the level of saving from the point of view of investment is only relevant if the truth lies closer to this latter view. It is therefore worth looking at this question in the case of the countries in our sample.

**SAVING, INVESTMENT AND INTERNATIONAL CAPITAL FLOWS**

Figure 4 shows developments in savings and investment for the respective countries and provides a basis for evaluating the extent to which a higher domestic savings ratio is associated with a higher domestic investment rate. In the case of Finland and Sweden saving and investment appear to be positively related. For Norway, however, there seems to be no relationship, particularly after the first oil crisis when there was surge of investment activity in the oil industry. In Finland, two major discrepancies can be discerned: the first one prior to the 1967 devaluation and the second

**FIGURE 4. SAVING AND INVESTMENT (NET), PER CENT OF NATIONAL INCOME**



following the oil crisis during the prolonged boom of 1975 and 1976. Turning to Sweden, a declining trend is apparent in both saving and investment, and particularly in the 1970s saving decreased faster than investment.

So far we have considered the relationship between aggregate saving and investment. It might also be appropriate to examine whether there are differences in the responsiveness of domestic investment to changes in the saving of different sectors. In all countries, household and public sector saving seem to be rather closely associated with domestic investment, whereas no such interrelationship exists between corporate saving and aggregate domestic investment. (Virtually identical results are achieved whether gross or net measures of saving and investment are used). This would suggest that the dynamics of investment and saving differs considerably between sectors.

In conclusion, it can be said that the evidence seems to be against high capital mobility and in favour of a fairly close relation between domestic investment and saving — especially as far as Finland and Sweden are concerned. Hence, variations in savings constitute a major determinant of fluctuations in domestic investment. This invites an examination of the factors affecting savings behaviour. Consequently, the remaining part of the article is devoted to the issue of what are the main long-term determinants of the household (and of the total private sector) savings ratio. In view of the low levels of household savings ratios and the decline in public sector saving in Finland, Norway and Sweden the importance of this question cannot be overemphasized.

#### SOCIAL SECURITY, THE REAL RATE OF INTEREST AND THE DEGREE OF DEVELOPMENT OF THE MONETARY SYSTEM

Social security and the real rate of interest have occupied a central position in recent discussions of the determinants of household savings. It is, therefore, of some interest to briefly look at the evidence which has been presented on the significance of these variables.

During the last two decades, there has been an enormous increase in social security benefits, financed generally on a »pay-as-you-go» basis. It is not, therefore, surprising that the claim that social security depresses saving has become popular, particularly in the 1970s. Careful empirical analyses with cross-country data from the 1970s do not, however, support this proposition. Rather, the findings of these studies suggest that the expansion of social security benefits has tended to lower the labour force participation rate in older age groups with no clearcut effect on the household savings ratio. In Sweden, for example, certain ad hoc proxies for social security »wealth» — that is, for social security benefit expectations — have been used to argue that there is a negative relationship between the savings

ratio and social security benefits. However, the ratio of social security benefits to GDP has shown a rising trend in Finland, Norway and Sweden without any accompanying fall in household savings ratios.

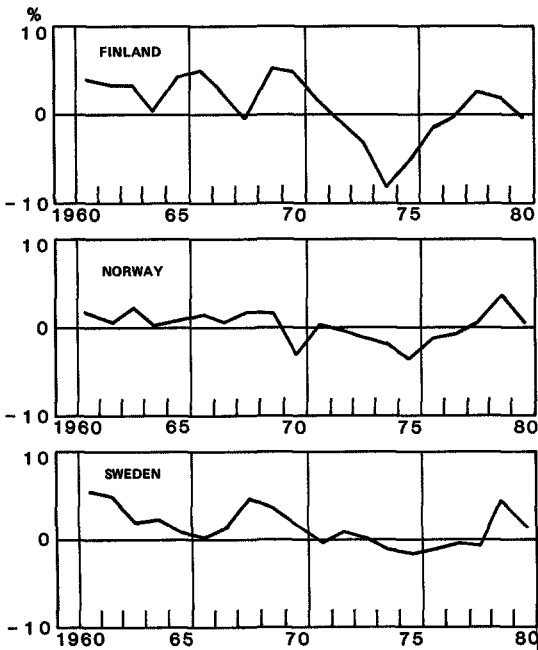
There has often been a tendency to think that the household savings ratio and the real rate of interest are negatively related.

Figure 5 indicates that the »real rate of interest», defined as the difference between the interest rate on (long-term) government bonds and the actual (past) rate of inflation, was mostly positive in the 1960s and mostly negative in the 1970s in all three countries. It is hard to detect a corresponding shift in the savings ratios (see Figure 1). The Finnish evidence seems to be particularly noteworthy in this respect: in the 1970s the real rate of interest was occasionally highly negative during a period when the household and private sector savings ratios displayed a slight upward trend, thus suggesting that the relationship, if any, between the savings ratio and the real rate of interest was negative!

The evidence against a positive relationship between the savings ratio and the real rate of interest may be partly due to the very special way of measuring the real rate of interest, and one may question whether the variable employed here (illustrated in Figure 5) describes the relevant yield on savings. Numerous empirical analyses performed using various data samples and different ways of quantifying the expected real rate of return on savings suggest however, that there is no unambiguous empirical evidence for the positive relationship between the savings ratio and the real rate of interest.

Thus, on current available empirical evidence, cross-country variations in the real rate of interest do not seem to contribute to the explanation of cross-country differences in savings ratios. Moreover, this implies that the policy of adjusting interest rates, even though it might change real rates of interest, should not be relied upon too heavily as a means of encouraging household saving. Given the rather poor performance of social security benefits and the real rate of interest variables in explaining the levels of the savings ratio, a reconsideration of the entire question seems to be in order.

**FIGURE 5. REAL RATE OF INTEREST**



An obvious starting point is to analyze the role of the financial system as a factor affecting savings behaviour. The »degree of development» of the financial system varies widely across countries and might provide a key to understanding differences in levels of household savings ratios. But what would be a natural hypothesis about the effect of the degree of development of the financial system of household savings?

As a country's financial institutions develop the importance of secondary securities issued by financial institutions increases in relation to the primary securities issued by business enterprises, government bodies and households. It is almost certain that there exists a fringe of lenders, particularly households, who would save less if there were no secondary securities among the financial assets to choose from. Hence, the development of financial systems

tends to increase private, especially household, saving. Some recent empirical analyses by the present authors (Research paper No. 13/82 Bank of Finland, Research Department) do not contradict this hypothesis. Thus it might be argued that improving the 'efficiency' of the

financial system by introducing new assets could have a positive effect on household saving. But it should be stressed that the evidence on the real importance of the financial system for savings behaviour is too scanty to warrant the drawing of any definite conclusions.



# ITEMS

**Lowering of the external value of the Finnish mark.** The Bank of Finland has issued the following statement concerning the exchange rate decision entering into force on October 6, 1982:

The Board of Management of the Bank of Finland has decided to raise the currency index number, as from today, by about 4 per cent within the fluctuation limits of the index. The decision has been made after discussions with representatives of the Government.

This measure, which means a depreciation in the external value of the Finnish mark, was implemented in order to support the competitiveness of Finnish industry, which has weakened despite a deceleration in the Finnish inflation rate. This has resulted in losses of market shares and has begun to hamper increasingly severely the maintenance of employment. Most recent forecasts suggest that the international recession will probably last longer than was generally expected previously. Consequently, the rise in Finnish export and import prices is, as a result of worldmarket developments, proving, on average, so low that the depreciation of the external value of the Finnish mark should not increase price pressures to any significant extent at present.

Despite balanced developments in the trade account, the convertible foreign exchange reserves have declined and it has been necessary to support them with substantial drawings of foreign reserve credits. The maintenance of sufficient external liquidity at the former level of exchange rates would have required a tightening of monetary policy, which would have been unreasonable in view of the prevailing cyclical conditions. The exchange rate decision will therefore provide scope for the

continued pursuit of a monetary policy supporting production and employment.

The exchange rate decision now reached is in conformity with the flexible exchange rate policy of small stepwise adjustments adopted in the 1970s. Its aim is to even out, whenever needed, variations in foreign trade prices, to curb too sharp fluctuations in industry's competitiveness and thereby to support the Finnish economy's adjustment to a path of decelerating inflation. In the future, after an improvement in the economic outlook, the raising of the external value of the Finnish mark may again become timely.

**Devaluation of the Finnish mark.** The Board of Management of the Bank of Finland has issued the following statement concerning the exchange rate decision reached on October 10, 1982:

On the proposal of the Bank of Finland, the Council of State has today decided to revise the fluctuation limits of the currency index. The new upper limit on the range of fluctuation is 127.5 and the lower limit 121.9. At the same time, the range of fluctuation has been reduced from 6 per cent to 4.5 per cent.

Because of the decision of the Council of State, the Board of Management of the Bank of Finland has decided to raise the currency index number by about 6 per cent, by which amount exchange rates will rise on average on October 11, 1982.

Together with the exchange rate decision, which entered into force last Wednesday, the decision reached today means an average rise of about 10 ½ per cent in exchange rates.

The external value of the Finnish mark will thus depreciate by about 9 ½ per cent.

This decision concerning the devaluation of the Finnish mark is part of an economic policy programme agreed upon between the Council of State and the Bank of Finland. The aim of the measure is to ensure Finland's competitiveness under the changed economic policy conditions following the unexpectedly large devaluation of the Swedish krona.

Efforts have been made to fix the size of the mark's devaluation so that it is large enough for it to have adequate effects in supporting competitiveness and fostering employment, yet small enough to permit the continued pursuit of a stable economic policy.

The size of the devaluation has been significantly influenced by a simultaneous decision of the Council of State to implement budgetary measures curbing cost developments in the corporate sector. In addition, account has been taken in determining the size of the devaluation of the fact that the overall balance of the Finnish economy is satisfactory; hence it has not been necessary to follow the devaluation of the Swedish krona more closely than this.

With respect to monetary policy, the Bank has decided to raise the call money rate immediately from 11 per cent to 12 per cent and the supplementary interest charge applied to call money overdrafts from 3 per cent to 4 per cent as from the beginning of November. The aim of this tightening of monetary policy is to support the overall policy stance designed to curb price and cost rises. It has been decided that the general level of interest rates be kept unchanged for the time being. The maintenance of interest rates at the present level requires that decisions related to the management of the economy following the devaluation support, to a sufficient extent, the economic policy stance aiming at stabilization. Further monetary policy measures will be taken, if needed, so as to ensure that the financial market does not ease in a manner jeopardizing the maintenance of equilibrium in the economy.

This foreign exchange policy decision, coupled with the monetary and fiscal policy measures decided upon, will improve Finland's chances of overcoming the prolonged international recession with the least possible amount of damage.

**Credit facility agreement.** On September 29, 1982, the Bank of Finland signed a revolving credit facility agreement for 600 million US dollars (more than 2 800 million marks) with 17 leading US and Canadian banks. The credit facility has been arranged by Bank of America International Limited and Morgan Trust Company of New York.

This credit facility arrangement replaces an earlier agreement for an equivalent amount concluded in 1980. The facility will be available for five years. The rate of interest payable on the new facility will be prime-rate based for drawings totalling slightly more than 300 million dollars and certificate-of-deposit based for the remainder of the loan. Prime rate is the rate of interest charged by US banks to their best customers, while the certificate-of-deposit rate is the rate of interest applied on certificates of deposits in the US financial market. The terms of the arrangement are considered extremely favourable, thus enforcing Finland's reputation abroad as a prime borrower.

All in all, the Bank of Finland's credit facility arrangements amount to 1 500 million dollars or the equivalent of over 7 billion marks. These facilities can be used, whenever needed, to strengthen the country's foreign exchange reserves or foreign liquidity; that is, they serve as secondary foreign exchange reserves.

**Finland joins the African Development Bank.** On September 7, 1982, Finland deposited with the United Nations her acceptance of the amended agreement establishing the African Development Bank (AfDB) and at the same time signed the original of the said agreement,

as amended. By this action Finland completed her part of the agreement reached in 1979 between the original, regional member states of the bank and the non-African states contributing to the financing of the African Development Fund (Finland since 1973) for the opening up of the capital stock of the bank for subscription of shares by non-regional states.

The process was a lengthy one as it required that the African states ratify the amended agreement. The required quorum of votes and a majority of states was attained at the annual meeting of the Board of Governors of the AfDB on May 1982 after Nigeria's ratification. The amended agreement has provisions which try to maintain the regional character of the bank and to protect the decision-making power of the regional member states.

The non-regional states also had to go through the required legislative process in their own countries for acceptance of membership in the bank. The Government's proposal concerning Finland's admission to the AfDB and the subsequent subscription of shares was submitted to Parliament in 1981. Parliament's acceptance was recorded in the minutes of the Council of State on July 24, 1981. The President confirmed, on August 20, 1981, the act approving certain provisions in the amended agreement establishing the AfDB, which were necessary for the acceptance of membership.

Having joined the bank, Finland will nominate a member to the bank's Board of Governors. Finland, the other Nordic countries, Switzerland and India together form a constituency which elects an executive director to the Board of Directors of the bank. The Board will comprise 12 African and 6 non-African executive directors.

The opening up of the capital stock of the bank will greatly enhance the resources of the bank for providing fixed interest loans to African states at prime rates and long maturities. It permits the bank to increase its capital stock from 1.22 billion Units of Account (UA,

which is equivalent to the SDR) to about UA 5.25 billion within the period 1982—86. During the same period Finland will contribute about 100—110 million Finnish marks (the exact amount depending on exchange rate developments). A quarter of this sum will be paid-in capital and the remainder callable capital. Finland's share of the subscription available to non-regional states is 1.25 per cent and is thus somewhat larger than in other development finance institutions in which Finland participates.

**Labour disputes in 1981.** According to data compiled by the Central Statistical Office of Finland, there was a total of 1 612 labour disputes in 1981, involving 493 000 employees and 660 000 working days lost. Compared with 1980, the number of labour disputes fell by 600, that of employees involved increased by nearly 80 000 and that of working days lost declined to less than half the total for the previous year. Compared with the 1970s in terms of numbers of labour disputes, employees involved and working days lost, 1981 can be considered to be an average year.

Owing to the successful incomes policy negotiations in early 1981 and the entry into force of new agreements mainly in March and April, there were no national labour market disputes last year. Moreover, there were fairly few of the pressure strikes which typically occur in the periods when no agreements are in force. The second quarter saw the greatest number of labour disputes, with 331 000 working days or about 50 per cent of the annual total being lost.

As in previous years, the majority of labour disputes in 1981, about 91 per cent, were strikes and 60 per cent of them lasted for less than one day. Only two labour disputes lasted for more than one month. Most working hours, or more than 3.2 million hours, were lost in strikes lasting between one and seven days. These strikes also accounted for the greatest number of employees involved.

About 60 per cent of the labour disputes involved between 10 and 100 employees, and in 36 per cent of the disputes less than 20 working days were lost.

Lagging behind in pay levels or other wage claims were the principal causes of about 41 per cent of the labour disputes in 1981. The »Other motives» category was also well represented, implying that the reasons for small, local labour disputes could be quite varied. About 2.3 per cent of the labour disputes could be ascribed to differences over labour protection.

Examined by category of economic activity, the highest numbers of labour disputes, employees involved and working hours lost were recorded for industry. In 1981, more than 3.5 million working hours were lost in industry. About 900 000 working hours were also lost in the insurance sector because of the long strike by insurance employees.

Most of the labour disputes in 1981, some 67 per cent, were »unofficial» stoppages, which were announced at too short notice for negotiations to be undertaken to avert the threat of action. An agreement was reached between the parties in 30 per cent of all labour disputes.

Compared with the previous year, the number of labour disputes involving white-collar workers fell in 1981. Losses of working hours arising from disputes involving white-collar workers accounted for 46 per cent of total losses in 1980, whereas last year the corresponding figure was only 18 per cent. The only major strike by white-collar workers was the strike of insurance employees at the end of the year.

In 1981, a total of 29 labour disputes went to official conciliation, 16 of them being settled by the State Conciliator and 13 by District Conciliators.

(continued from page 2)

The volume of imports increased at an annual rate of 3 per cent in the first half of this year as compared with the latter half of 1981. Imports of investment goods increased by 6 per cent. This should not, however, be taken as a sign of recovery, but rather as a transitory peak in the current investment phase. Imports of raw materials and crude oil showed a further slight decline as, too, did imports of consumer goods. Particularly striking was a fall of 21 per cent in the volume of imports of fuels and lubricants. This is in line with slack demand for energy, but it also reflects the increasing use of other forms of primary energy.

The rise in import prices has been comparatively slow, largely because of the softening in energy prices, which fell at an annual rate of 12 per cent in the first six months of the year. Prices of both investment and consumption goods rose by 4 per cent, while prices of imported raw materials (excluding crude oil), in contrast to price developments in export markets, increased at an annual rate of nearly 6 per cent.

## PROSPECTS

Most forecasters both at home and abroad expect economic activity in industrialized market economies to pick up sometime during 1983, the stimulus coming initially from consumption and stockbuilding. In the short run the hopes of Finnish exporters must rest mainly on the strength of stockbuilding activity. The recent fall in international interest rates is clearly a positive development in this respect. However, if real interest rates do not fall from their current high level, the recovery will be no more than modest. The surplus on Finland's bilateral trade account is likely to continue, and this will limit the scope for an expansion of exports in the short run. As regards Finnish imports, no dramatic changes are anticipated in either prices or volumes, so that the trade account should remain relatively well in balance in the near future.

September 21, 1982

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# BANK OF FINLAND

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## Board of Management

Ahti Karjalainen

*Chairman*

Rolf Kullberg

*Vice Chairman*

Pentti Uusivirta

Ele Alenius

Harri Holkeri

Seppo Lindblom

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## Directors

Markku Punttila

Eino Helenius

Pentti Koivikko

Kari Nars

Antti Lehtinen

Sirkka Hämäläinen

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## Senior officials

Timo Männistö

*Internal Audit*

Ralf Pauli

*Monetary Policy*

Raimo Hyvärinen

*Domestic Financing*

Stig G Björklund

*Payments*

H. T. Hämäläinen

*Administration*

U. Levo

*International Legal Affairs*

Ossi Leppänen

*Accounting*

Anton Mäkelä

*Personnel*

Reijo Mäkinen

*Cash*

Heikki Koskenkylä

*Research Dept.*

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.*

Markku Pietinen

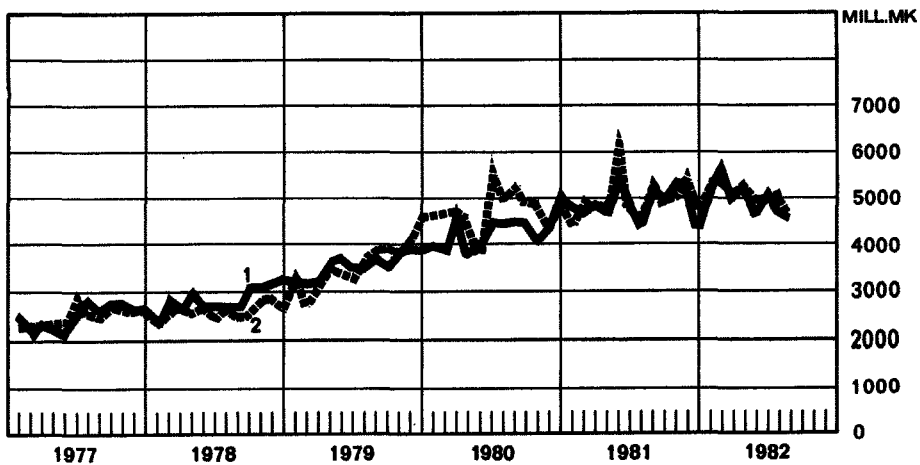
*Information*

Erkki Vehkamäki

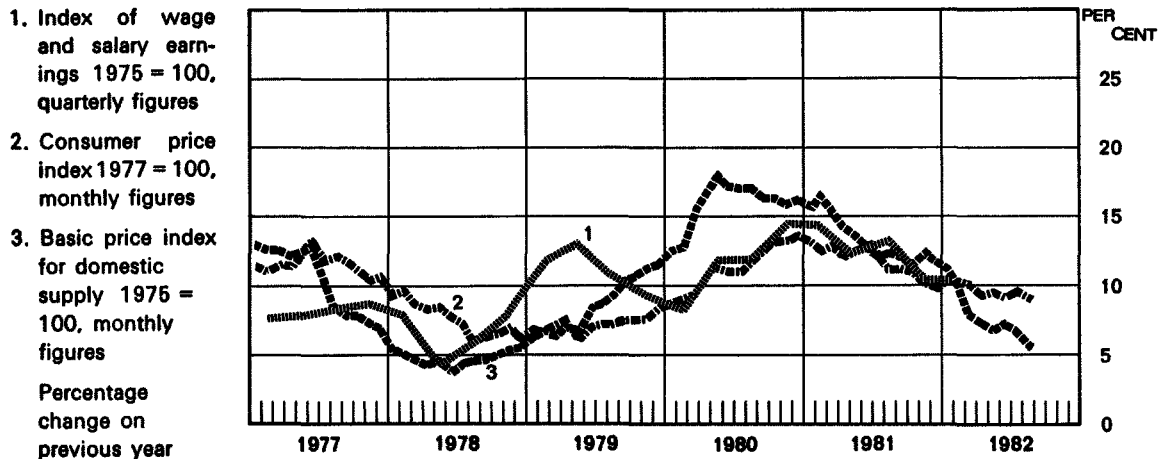
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**FOREIGN TRADE, 1977-82**



**PRICES AND WAGES, 1977 - 1982**



**PRODUCTION, 1977-82**

