



BANK OF FINLAND

Monthly Bulletin

Finland's foreign debt in 1984

The balance of payments and
foreign exchange policy in 1984

Monetary and foreign exchange policy
measures from March 1984 to
March 1985

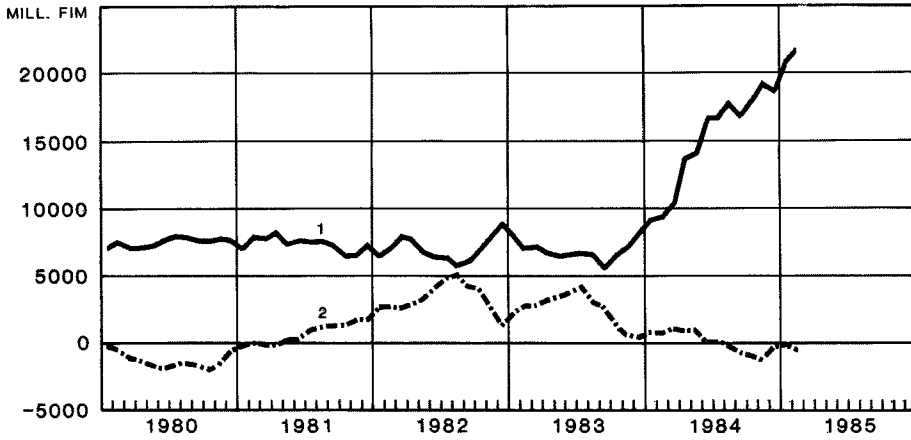
Participation in option markets

Commemorative coin of the 150th
anniversary of Kalevala

MARCH 1985

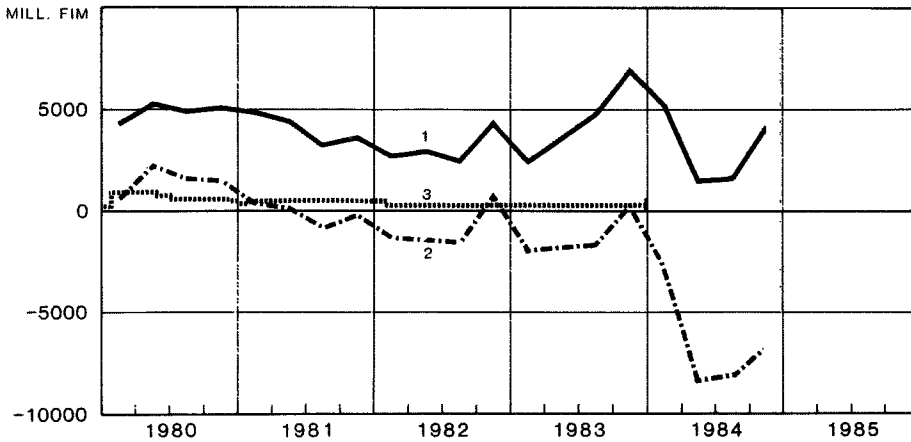
Vol. 59 No. 3

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1980-85



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

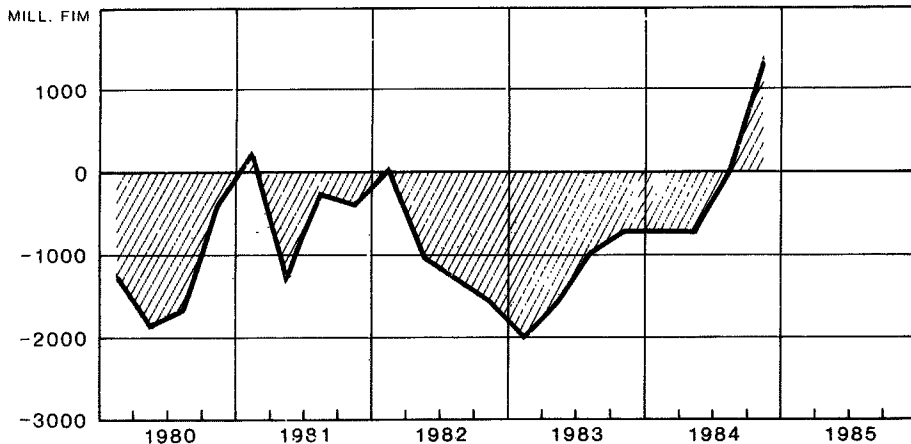
DEPOSIT BANKS' CENTRAL BANK POSITION, 1980-85



- 1. Gross central bank debt
- 2. Net central bank debt
- 3. Quotas

Quarterly average of daily amounts (1 and 2)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1980-85



Seasonally adjusted quarterly figures

FINLAND'S FOREIGN DEBT IN 1984

by Tarja Heinonen, Research Officer

Exchange Policy Department
Bank of Finland

Thanks to Finland's good external position, there was little need to increase foreign borrowing last year. With the current account¹ in balance, the growth in the net foreign debt was due entirely to changes in exchange rates. The rise in the US dollar, which was the dominant loan currency, had the greatest impact.

Nevertheless, despite the balanced current account, there were exceptionally heavy gross capital flows. The growth in these flows was partly attributable to the ongoing internationalization of Finnish firms. However, capital movements were mainly influenced by the high level of money market interest rates in Finland and, at times, by expectations of a further strengthening in the markka or a weakening in the dollar. In particular, there was a substantial inflow of short-term capital, resulting in a marked increase in official foreign exchange reserves.

Finland's gross long-term debt amounted to FIM 73.1 billion at the end of the year, with the central government accounting for about 35 per cent of the total. The corporate sector's share was 46 per cent, while the share of financial institutions' debt, which consisted only of financial credits, accounted for 18 per cent.

Gross central government borrowing abroad reached almost the same level as in the previous year. This was despite the reduction in the central government's net borrowing requirement, which was halved to about 1.4 per cent of GDP. The ratio of central government debt

to GDP, which has been rising continuously since 1974, levelled off last year at about 14.2 per cent of GDP. Foreign debt accounted for slightly more than 56 per cent of total central government debt.

Drawings of loans grew substantially in the private sector, but, since most of the increase was due to conversions of old loans to new ones, there was little increase in gross long-term debt. Both banks and firms took

TABLE. NET FOREIGN DEBT, IN MILLION FIM

	January—December, 1984			
	31.12. 1983	Net Draw- ings	Impact of Exchange Rates	31.12 1984 ¹
Corporations	30 083	2 058	+ 1 734	33 875
Financial institu- tions	8 541	3 741	+ 808	13 090
Central govern- ment	22 184	2 666	+ 590	25 440
Local authorities	710	-32	+ 50	728
A. GROSS LONG- TERM DEBT	61 518	8 433	+ 3 182	73 133
Corporations	12 791	4 080	+ 633	17 504
Financial institu- tions	2 472	-2 255	+ 5	222
Central govern- ment	1 447	231	-	1 678
B. GROSS LONG- TERM ASSETS	16 710	2 056	+ 638	19 404
NET LONG-TERM DEBT (A-B)	44 808	6 377	+ 2 544	53 729
C. GROSS SHORT- TERM DEBT	61 286	17 303	+ 849	79 438
D. GROSS SHORT- TERM ASSETS	57 020	23 680	+ 918	81 618
NET SHORT-TERM DEBT (C-D)²	4 266	-6 377	- 69	-2 180
NET FOREIGN DEBT	49 074	0	+ 2 475	51 549

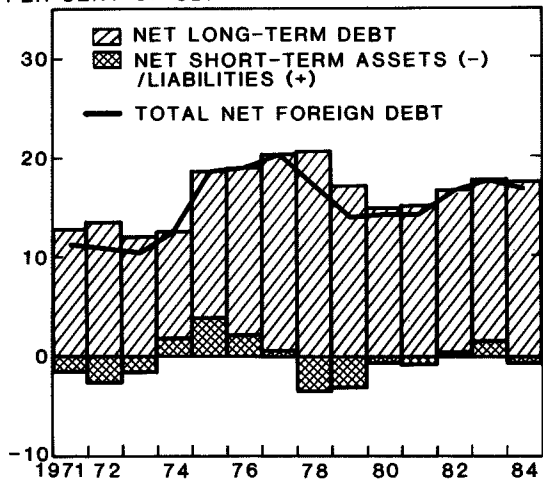
¹ For balance-of-payments details, see the back article of this Bulletin.

¹ Preliminary

² Incl. foreign exchange reserves

CHART. FINLAND'S NET FOREIGN DEBT, 1971-84

PER CENT OF GDP



advantage of the favourable conditions in the international capital markets to rearrange loans on good terms. As in previous years, the bulk of the manufacturing sector's long-term borrowing was used to finance investments in the forest industry and the metal and engineering industries. Even so, the relative share of these two branches declined thanks to favourable developments in companies' liquidity position.

The integration of Finland's financial sector with international capital markets has proceeded at a rapid pace in recent years. Last year, this trend was reflected in a vigorous growth in portfolio and direct investment. There were five new share issues by Finnish corporations on foreign stock exchanges, and, in addition, foreign demand for Finnish shares, bonds and debentures on the Helsinki Stock Exchange was brisk.

The increased role of portfolio investment is illustrated by the fact that purchases of securities exceeded fourfold new direct investment by foreigners in Finnish companies. Although foreign direct investment in Finland grew appreciably last year, it was still at a

relatively low level. By contrast, Finland's direct investment abroad is an important component of the country's gross foreign assets. Direct investment by Finnish companies in subsidiaries and associates abroad increased by 70 per cent from the previous year. The nominal value of the stock of Finnish direct investment abroad amounted to FIM 8.7 billion at the end of 1984. The corresponding figure for the stock of foreign direct investment in Finland was only FIM 2.6 billion. Direct investment consists mainly of equity capital, the nominal value of which is included in the calculations of foreign net debt.

The high level of domestic money market interest rates was reflected primarily in short-term capital flows. The gross short-term liabilities of the private sector grew by FIM 19.3 billion to reach FIM 74.9 billion. The banks' short-term foreign liabilities exceeded their foreign assets by FIM 11.2 billion, whereas the corporate sector had net short-term foreign liabilities of FIM 4.9 billion at the end of last year. The foreign exchange reserves of the Bank of Finland more than doubled to total about FIM 18.5 billion. All in all, the gross short-term liabilities of the economy grew less than the short-term assets (including the foreign exchange reserves), and net short-term debt of FIM 4.3 billion in 1983 turned into a net short-term asset position of FIM 2.2 billion last year.

Over the past decade, the Finnish economy has undergone a structural strengthening. This has had a positive effect on the net foreign debt, which has displayed a downward trend since 1977 when it amounted to about 21 per cent of GDP. At the end of last year, Finland's net external debt totalled FIM 51.5 billion. This was equivalent to 16.9 per cent of GDP, a fall of one percentage point from the previous year.

February 20, 1985

	1984		1985			
	Feb. 29	Dec. 31	Feb. 8	Feb. 15	Feb. 22	Feb. 28
Assets						
Gold and foreign currency claims	10 284	19 302	21 496	22 095	22 262	22 268
Gold	1 383	1 732	1 732	1 732	1 732	1 732
Special drawing rights	216	936	950	960	963	995
IMF reserve tranche	734	859	872	881	884	904
Convertible currencies	7 110	15 387	17 641	18 214	18 364	18 317
Tied currencies	841	388	301	308	319	320
Other foreign claims	4 830	2 835	2 835	2 835	2 835	2 835
Markka subscription to Finland's IMF quota	2 762	2 835	2 835	2 835	2 835	2 835
Term credits	2 068	—	—	—	—	—
Claims on financial institutions	6 396	9 166	7 466	7 989	7 808	8 278
Banks' cheque accounts	76	530	107	208	40	43
Call money market advances	3 659	5 018	4 041	4 569	4 487	4 816
Till-money credits	1 024	1 563	1 256	1 160	1 229	1 364
Bonds	1 607	1 999	2 029	2 029	2 030	2 030
Other claims on financial institutions	30	56	33	23	22	25
Claims on the public sector	2 094	1 951	1 972	1 977	2 005	1 958
Government promissory notes	1 000	1 000	1 000	1 000	1 000	1 000
Bonds	360	124	128	129	153	105
Total coinage	718	806	832	834	838	839
Other claims on the public sector	16	21	12	14	14	14
Claims on corporations	4 844	4 846	4 937	4 915	4 949	4 928
Financing of exports	1 859	1 786	1 821	1 799	1 806	1 782
Financing of domestic deliveries	2 733	2 860	2 923	2 923	2 950	2 947
Bonds	126	114	110	110	110	116
Other claims on corporations	126	86	83	83	83	83
Other assets	107	142	141	142	142	141
Total	28 555	38 242	38 847	39 953	40 001	40 408
Liabilities						
Foreign currency liabilities	44	809	385	354	840	751
Convertible accounts	44	84	67	66	66	63
Tied currencies	0	725	318	288	774	688
Other foreign liabilities	4 742	3 752	3 766	3 775	3 778	3 800
IMF markka accounts	2 762	2 835	2 835	2 835	2 835	2 835
Allocations of special drawing rights	852	917	931	940	943	965
Term liabilities	1 128	—	—	—	—	—
Notes and coin in circulation	6 232	7 442	6 836	6 834	6 834	6 929
Notes	5 693	6 744	6 153	6 144	6 138	6 229
Coin	539	698	683	690	696	700
Liabilities to financial institutions	7 984	11 879	14 258	14 215	13 524	15 300
Banks' cheque accounts	18	147	2	35	22	17
Call money market deposits	2 607	2 216	4 600	4 537	3 837	5 184
Cash reserve deposits	5 327	8 696	8 799	8 799	8 799	9 241
Capital import deposits	11	745	765	748	765	756
Other liabilities to financial institutions	21	75	92	96	101	102
Liabilities to the public sector	812	4 277	3 485	4 485	4 485	2 893
Cheque accounts	0	1	1	0	0	1
Government deposit account	800	4 200	3 400	4 400	4 400	2 800
Export deposits	—	76	84	85	85	92
Other liabilities to the public sector	12	0	0	0	0	0
Liabilities to corporations	1 998	2 814	2 835	2 842	2 890	3 120
Deposits for investment and ship purchase	1 255	2 127	2 146	2 148	2 155	2 184
Capital import deposits	728	668	682	687	699	932
Other liabilities to corporations	15	19	7	7	36	4
Other liabilities	16	16	19	15	15	14
Valuation account and reserves	1 795	963	966	1 134	1 334	1 295
SITRA's capital		400	400	400	400	400
Capital accounts	4 932	5 890	5 897	5 899	5 901	5 906
Primary capital	3 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	1 638	638	764	764	764	764
Undisposed profits	273	—	126	126	126	126
Net earnings	21	252	7	9	11	16
Total	28 555	38 242	38 847	39 953	40 001	40 408

End of year or month	Foreign sector						Public sector			
	Gold, SDRs, IMF reserve tranche	Convertible currencies, net	Total convertible reserves (1 + 2)	Tied currencies, net	Other claims, net	Net claims (3 to 5)	Claims	Certificates of deposit and deposit account	Other liabilities	Net liabilities (8 - 7 + 9)
	1	2	3	4	5	6	7	8	9	10
1981	2 408	5 050	7 458	1 909	-991	8 376	1 236	1 600	578	942
1982	2 444	6 561	9 005	1 525	-1 447	9 083	1 040	1 700	50	710
1983	2 360	5 835	8 195	550	-794	7 951	2 178	3 000	0	822
1984	3 527	15 303	18 830	-337	-917	17 576	1 951	4 200	77	2 326
1984										
Feb.	2 333	7 066	9 399	841	88	10 328	2 094	800	12	-1 282
March	2 323	7 958	10 281	1 153	870	12 304	2 273	1 300	13	-960
April	2 819	10 961	13 780	1 027	858	15 665	2 175	600	17	-1 558
May	2 912	11 213	14 125	1 074	515	15 714	2 137	800	22	-1 315
June	2 927	13 829	16 756	170	510	17 436	2 103	1 000	26	-1 077
July	2 970	13 890	16 860	224	-184	16 900	2 109	1 800	20	-289
Aug.	2 975	14 947	17 922	-375	-181	17 366	2 080	1 200	30	-850
Sept.	3 009	13 991	17 000	-836	-910	15 254	2 039	1 500	38	-501
Oct.	3 019	15 013	18 032	-1 025	-915	16 092	1 998	1 500	52	-446
Nov.	3 095	16 237	19 332	-1 342	-905	17 085	2 000	2 200	65	265
Dec.	3 527	15 303	18 830	-337	-917	17 576	1 951	4 200	77	2 326
1985										
Jan.	3 542	17 438	20 980	-34	-924	20 022	1 952	1 200	85	-667
Feb.	3 631	18 254	21 885	-368	-965	20 552	1 958	2 800	93	935

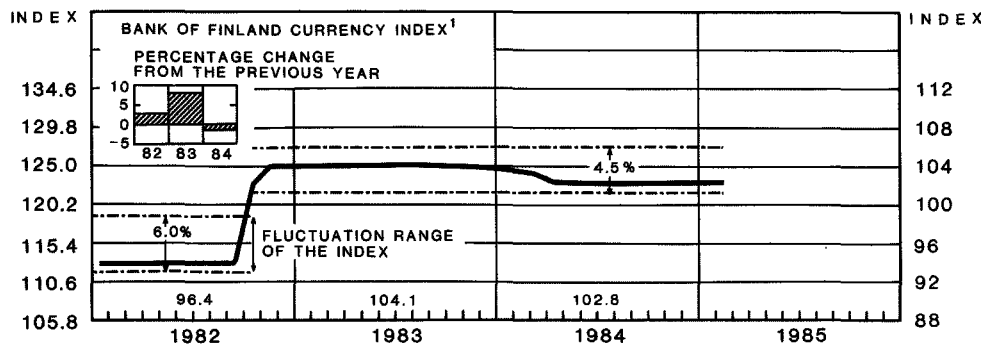
OFFICIAL FOREIGN EXCHANGE RESERVES

Mill. FIM

	Dec. 31, 1983	Nov. 30, 1984	Dec. 31, 1984	Jan. 31, 1985	Feb. 28, 1985
Gold	1 383	1 383	1 732	1 732	1 732
SDRs	226	891	936	944	995
IMF reserve tranche	751	821	859	866	904
Convertible currencies, net	5 835	16 237	15 303	17 438	18 254
Total convertible reserves, net	8 195	19 332	18 830	20 980	21 885
Tied currencies, net	550	-1 342	-337	-34	-368
Total reserves, net	8 745	17 990	18 493	20 946	21 517

End of year or month	Domestic financial sector						Corporate sector				Notes and coin in circulation
	Till-money credits	Claims on cheque accounts, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net claims (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities, net	Net claims (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1981	768	495	1 796	1 080	2 492	-406	-107	3 865	749	3 116	5 595
1982	889	163	3 126	1 470	3 132	-1 042	618	4 302	999	3 303	6 062
1983	942	443	5 785	610	5 039	-1 555	3 076	4 529	1 282	3 247	6 574
1984	1 563	383	5 018	2 216	8 696	-1 235	-2 713	4 646	2 614	2 032	7 442
1984											
Feb.	1 024	58	3 659	2 607	5 327	-1 605	-1 588	4 592	1 746	2 846	6 232
March	924	14	2 916	3 105	5 710	-1 612	-3 349	4 596	1 763	2 833	6 308
April	1 123	191	1 573	4 836	6 142	-1 605	-6 486	4 600	2 220	2 380	6 602
May	1 119	-136	1 244	3 892	6 432	-1 999	-6 098	4 572	2 142	2 430	6 647
June	1 119	15	541	3 872	6 480	-2 006	-6 671	4 571	2 641	1 930	6 954
July	1 279	14	1 041	3 063	6 604	-2 037	-5 296	4 487	2 771	1 716	6 813
Aug.	1 108	5	1 149	4 109	6 670	-2 033	-6 484	4 435	2 753	1 682	6 776
Sept.	1 145	27	2 109	2 281	6 734	-2 081	-3 653	4 545	2 834	1 711	6 869
Oct.	1 276	68	3 045	3 658	7 385	-1 816	-4 838	4 710	2 684	2 026	6 698
Nov.	1 170	22	4 819	4 153	8 029	-1 263	-4 908	4 735	2 602	2 133	6 897
Dec.	1 563	383	5 018	2 216	8 696	-1 235	-2 713	4 646	2 614	2 032	7 442
1985											
Jan.	1 382	110	2 868	5 738	8 799	-1 245	-8 932	4 765	2 632	2 133	6 881
Feb.	1 364	26	4 816	5 184	9 241	-1 197	-7 022	4 729	2 921	1 808	6 929

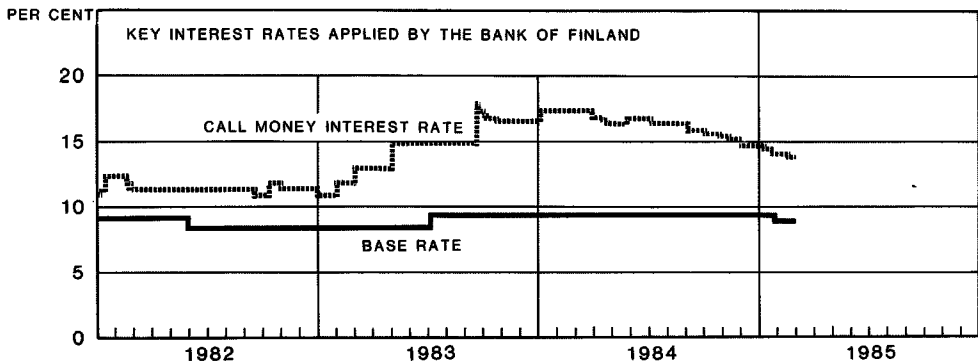
¹ The left-hand scale depicts movements in the external value of the markka under the index in use until December 31, 1983 (1974 = 100), and the right-hand scale movements in the external value of the markka under the revised index introduced on January 1, 1984 (1982 = 100).



MONETARY POLICY INDICATORS

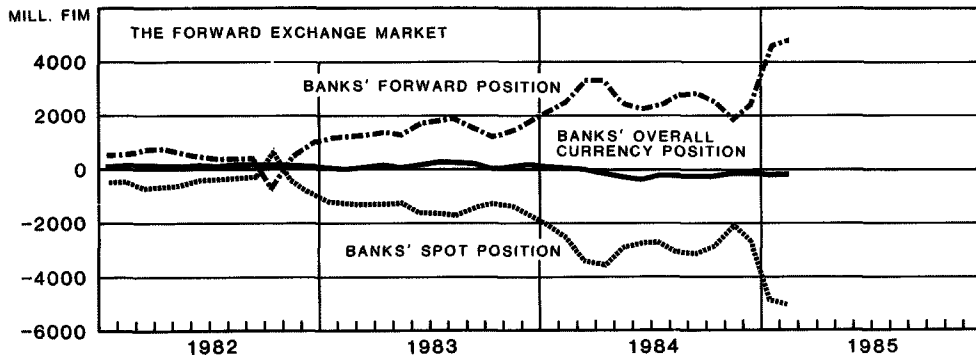
Average for period	Gross central bank debt of the deposit banks mill. FIM	Net central bank debt of the deposit banks mill. FIM	Cash reserve deposits of the deposit banks mill. FIM	Cash reserve requirement %	Call money credit extended by the Bank of Finland	Call money interest rate %	Average cost of gross central bank debt %	Base rate %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9
1980	4 971	1 560	2 542	3.8	3 313	12.38	12.37	9.20	9.77
1981	4 095	-33	2 795	3.5	2 161	11.48	11.61	9.25	9.84
1982	3 201	-783	2 777	3.1	1 571	11.64	11.98	8.81	9.33
1983	4 539	-1 213	4 345	4.3	2 724	15.37	15.13	9.00	9.56
1984	3 176	-6 365	6 325	5.4	-39	16.53	16.53	9.50	10.49
1983									
Dec.	7 007	646	5 039	4.7	5 269	16.70	16.49	9.50	10.18
1984									
Jan.	6 794	-458	5 045	4.7	4 588	17.50	17.50	9.50	10.30
Feb.	5 327	-2 921	5 242	4.7	2 323	17.50	17.50	9.50	10.36
March	3 460	-4 482	5 351	5.0	869	17.50	17.50	9.50	10.40
April	2 051	-7 207	5 721	5.4	-1 487	16.77	16.82	9.50	10.44
May	1 471	-8 557	6 149	5.6	-2 407	16.53	16.52	9.50	10.45
June	1 175	-9 062	6 429	5.6	-2 633	16.80	16.80	9.50	10.50
July	1 463	-7 680	6 481	5.6	-1 199	16.53	16.51	9.50	10.50
Aug.	1 462	-8 136	6 598	5.6	-1 538	16.50	16.50	9.50	10.51
Sept.	2 127	-8 186	6 672	5.6	-1 515	16.10	16.04	9.50	10.56
Oct.	2 948	-6 801	6 755	5.6	-46	15.75	15.76	9.50	10.55
Nov.	4 181	-6 888	7 410	5.6	522	15.48	15.48	9.50	10.63
Dec.	5 650	-5 999	8 051	5.6	2 052	15.07	15.07	9.50	10.67
1985									
Jan.	4 713	-7 902	8 700	5.6	798	14.57	14.61	9.50	10.69
Feb.	4 414	-9 319	8 815	5.6	-504	14.18	14.18	9.00	..

¹ End of period.



FORWARD EXCHANGE MARKETS IN FINLAND

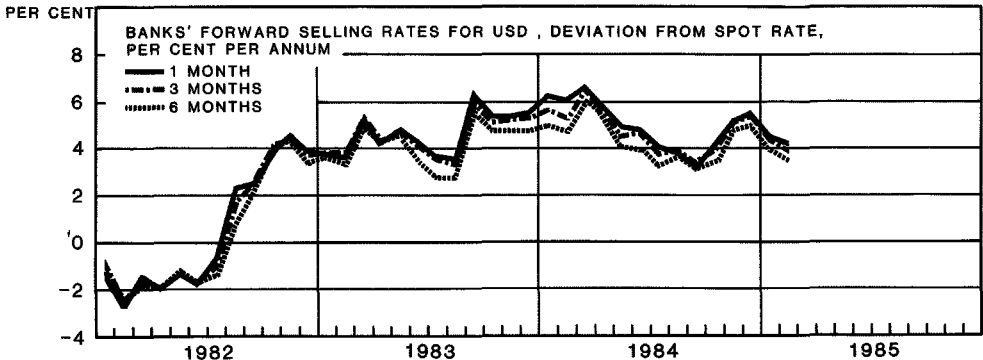
Period	Banks' forward positions in mill. FIM with						Banks' forward selling rates for USD		
	Domestic firms			Foreign banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
1983	7 541	1 227	6 314	-1 688	-2 290	2 373	5.6	5.3	4.8
1984	22 921	1 394	21 527	2 002	-19 962	3 746	5.6	5.5	5.1
1983									
Sept.	7 818	1 952	5 866	-1 575	-3 345	964	6.5	6.1	5.7
Oct.	8 087	1 942	6 145	-1 645	-2 792	1 711	5.5	5.2	4.8
Nov.	7 488	1 912	5 576	-1 411	-2 438	1 687	5.4	5.3	4.8
Dec.	7 541	1 227	6 314	-1 688	-2 290	2 373	5.6	5.3	4.8
1984									
Jan.	7 292	1 661	5 631	-2 026	-1 235	2 304	6.3	5.3	5.1
Feb.	8 290	1 681	6 609	-1 871	-1 887	2 717	6.1	5.3	4.8
March	10 052	1 611	8 441	-1 676	-3 560	3 173	6.7	6.6	6.2
April	11 249	1 326	9 923	-841	-5 109	3 846	5.8	5.7	5.5
May	13 528	1 156	12 372	178	-10 041	2 529	4.9	4.5	4.1
June	15 547	1 145	14 402	1 389	-12 667	3 083	4.8	4.7	4.0
July	15 956	1 306	14 650	1 541	-13 011	3 240	4.1	3.9	3.3
Aug.	20 049	1 354	18 695	2 557	-17 217	4 089	3.8	4.0	3.7
Sept.	20 548	1 679	18 869	2 406	-18 362	3 056	3.2	3.4	3.2
Oct.	22 267	1 741	20 526	1 914	-19 419	3 138	4.2	4.0	3.5
Nov.	22 383	1 786	20 597	1 790	-20 139	2 460	5.2	5.2	4.9
Dec.	22 921	1 394	21 527	2 002	-19 962	3 746	5.6	5.5	5.1
1985									
Jan.	23 207	1 450	21 757	2 949	-19 394	5 420	4.5	4.4	4.1



FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, FIM

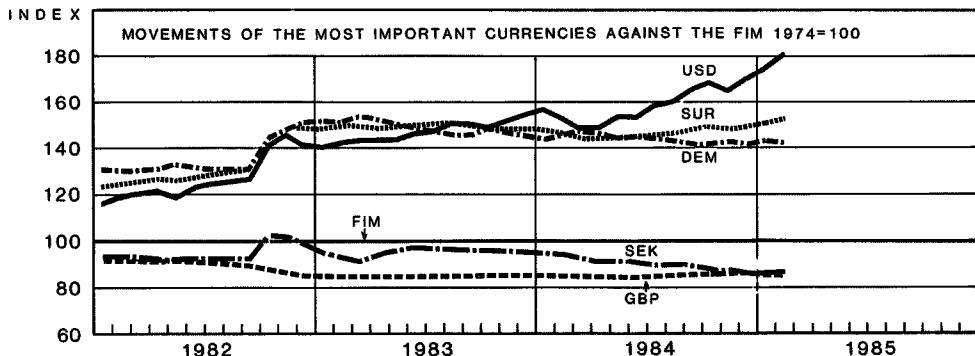
Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC BEL	
	1	2	3	4	5	6	7	8	9	10	11
1980	3.730	3.194	8.691	7.689	88.43	75.81	66.53	205.58	188.02	12.818	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
1982	4.820	3.913	8.423	6.854	77.03	74.84	57.93	198.76	180.66	10.584	9.859
1983	5.570	4.524	8.456	6.957	72.75	76.44	61.07	218.61	195.66	10.934	10.742
1984	6.010	4.645	8.023	6.533	72.77	73.84	58.16	211.65	187.72	10.428	10.274
1984											
Jan.	5.940	4.764	8.389	6.579	72.85	75.65	58.56	211.96	188.64	10.395	10.225
Feb.	5.803	4.655	8.355	6.626	72.56	75.47	58.89	214.81	190.35	10.495	10.182
March	5.618	4.432	8.201	6.645	72.79	75.04	59.16	216.76	192.02	10.596	10.260
April	5.650	4.422	8.054	6.569	72.27	74.54	58.32	214.29	189.99	10.491	10.209
May	5.821	4.502	8.100	6.518	72.15	74.64	57.91	211.99	188.39	10.422	10.267
June	5.822	4.472	8.038	6.528	72.05	74.66	58.10	213.19	189.12	10.462	10.324
July	6.019	4.550	7.962	6.501	72.64	73.48	57.92	211.78	187.65	10.454	10.355
Aug.	6.072	4.661	7.987	6.502	72.78	73.27	57.78	210.61	186.72	10.433	10.336
Sept.	6.278	4.787	7.919	6.451	73.36	73.05	57.40	208.01	184.46	10.320	10.236
Oct.	6.378	4.842	7.793	6.455	73.57	72.06	57.61	208.14	184.61	10.294	10.206
Nov.	6.261	4.762	7.792	6.507	73.13	72.08	58.07	209.79	186.02	10.400	10.346
Dec.	6.458	4.896	7.686	6.512	73.07	72.10	58.16	208.46	184.72	10.379	10.341
1985											
Jan.	6.640	5.023	7.510	6.548	73.38	72.53	58.75	209.90	185.81	10.489	10.455
Feb.	6.853	5.078	7.525	6.496	73.69	72.64	58.28	208.47	184.09	10.385	10.342



Average selling rates for foreign exchange, FIM

Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 OS ATS	Lisbon 100 Esc PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESB	Tokyo 100 Y JPY	Moscow 1 Cl Rbl SUR	1 special drawing right SDR	Currency index ¹
12	13	14	15	16	17	18	19	20	21	22
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
237.79	73.65	0.358	28.31	6.13	40.79	4.41	1.943	6.624	5.305 63	115.9
265.70	73.53	0.369	31.11	5.14	23.25	3.91	2.351	7.491	5.943 25	125.1
256.42	69.07	0.344	30.13	4.14	19.39	3.75	2.534	7.357	6.147 39	102.8
266.26	69.47	0.350	30.10	4.41	20.58	3.74	2.547	7.425	6.145 38	103.8
263.17	69.92	0.349	30.48	4.35	20.05	3.78	2.488	7.343	6.065 12	103.6
262.10	70.46	0.350	30.80	4.32	19.63	3.77	2.498	7.252	5.969 10	103.3
258.71	69.79	0.347	30.48	4.25	19.66	3.78	2.515	7.239	5.965 91	102.5
257.05	69.14	0.345	30.18	4.21	19.94	3.80	2.528	7.252	6.050 38	102.5
255.83	69.50	0.346	30.39	4.16	19.87	3.78	2.501	7.257	6.044 21	102.5
250.57	69.13	0.346	30.20	4.08	20.17	3.75	2.484	7.296	6.131 93	102.5
251.43	68.75	0.343	30.01	4.08	19.78	3.71	2.511	7.340	6.162 64	102.5
251.64	67.93	0.338	29.64	4.03	19.44	3.71	2.565	7.435	6.272 79	102.5
253.02	68.01	0.337	29.66	3.97	19.35	3.72	2.588	7.486	6.323 99	102.5
254.59	68.52	0.339	29.87	3.91	17.78	3.75	2.578	7.447	6.268 66	102.5
252.66	68.18	0.340	29.71	3.92	16.38	3.77	2.609	7.516	6.366 57	102.5
250.36	68.70	0.343	29.92	3.90	16.54	3.81	2.619	7.582	6.470 31	102.5
245.43	68.34	0.339	29.70	3.83	16.72	3.79	2.636	7.652	6.582 22	102.5

¹ Until December 31, 1983 the base year was 1974 = 100.
 Since January 1, 1984 the base year has been 1982 = 100.



DEPOSITS BY THE PUBLIC

Mill. FIM

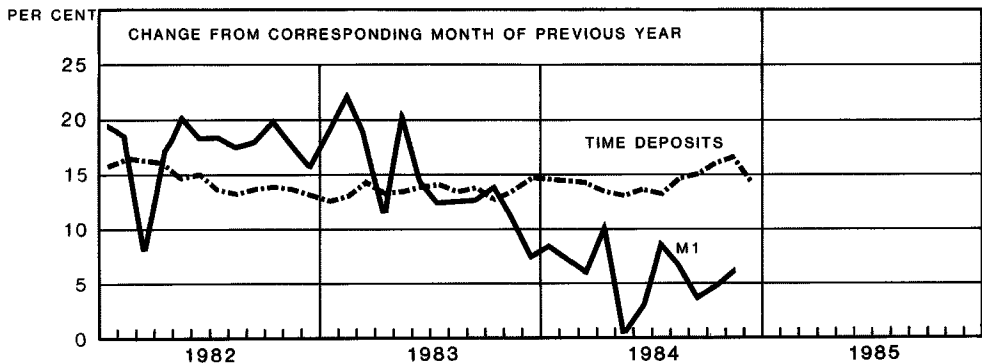
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks (1 to 3)	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1980	5 459	2 285	2 531	10 275	22 591	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
1982	7 155	3 874	3 049	14 078	29 465	25 883	21 040	8 666	85 054	99 132
1983*	7 057	4 567	3 676	15 300	34 302	29 273	24 175	9 938	97 688	112 988

1983*

Nov.	7 521	4 182	3 625	15 328	31 702	28 447	23 424	9 492	93 065	108 393
Dec.	7 057	4 567	3 676	15 300	34 302	29 273	24 175	9 938	97 688	112 988

1984*

Jan.	7 438	4 163	4 442	16 043	33 658	29 724	24 641	10 241	98 264	114 307
Feb.	7 325	3 975	4 055	15 355	34 365	30 235	25 190	10 333	100 123	115 478
March	6 469	4 040	3 974	14 483	34 812	30 236	25 203	10 471	100 722	115 205
April	7 094	4 084	4 173	15 351	34 760	30 411	25 252	10 403	100 826	116 177
May	6 978	4 216	3 960	15 154	34 485	30 801	25 653	10 552	101 491	116 645
June	6 843	4 291	4 231	15 365	35 435	31 442	26 232	10 364	103 473	118 838
July	7 091	4 458	4 638	16 187	35 505	31 608	26 315	10 524	103 952	120 139
Aug.	6 910	4 454	4 708	16 072	36 139	31 989	26 598	10 672	105 398	121 470
Sept.	6 489	4 400	4 826	15 715	36 626	32 140	26 882	10 593	106 241	121 956
Oct.	7 423	4 522	4 621	16 566	37 457	32 255	26 919	10 710	107 341	123 907
Nov.	7 532	4 315	3 876	15 723	38 240	32 459	27 192	10 815	108 706	124 429



ADVANCES TO THE PUBLIC – MONEY SUPPLY

Mill. FIM

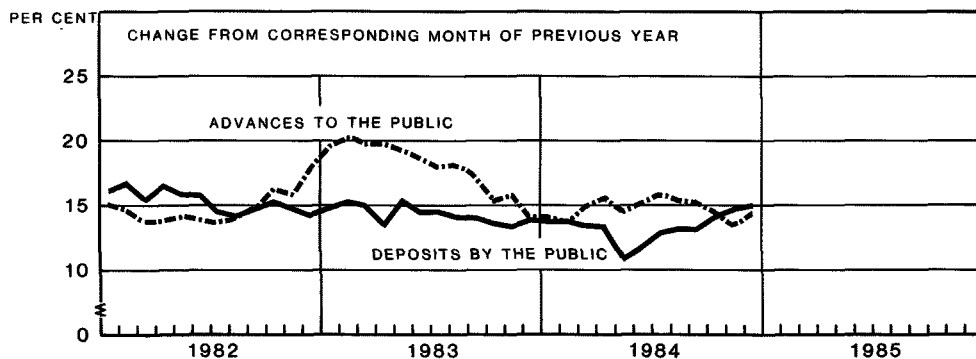
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi-Money
	1	2	3	4	5	6	7		8	9
1980	35 994	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
1982	48 620	25 682	23 601	12 684	93 014	3 468	14 105	110 587	19 917	107 549
1983*	56 162	29 276	27 322	13 471	104 627	4 350	17 254	126 231	21 427	121 905

1983*

Nov.	56 197	29 040	26 946	13 666	104 024	4 851	16 974	125 849	21 105	117 008
Dec.	56 162	29 276	27 322	13 471	104 627	4 350	17 254	126 231	21 427	121 905

1984*

Jan.	57 343	29 569	27 515	14 193	105 759	5 004	17 857	128 620	22 098	123 176
Feb.	58 398	29 762	27 706	14 017	106 328	4 989	18 566	129 883	21 334	124 666
March	59 625	29 961	27 990	14 011	106 930	5 142	19 515	131 587	20 606	125 049
April	61 338	30 142	28 191	14 317	107 812	5 466	20 710	133 988	21 464	126 269
May	60 965	30 522	28 535	14 362	109 106	5 140	20 138	134 384	21 486	126 686
June	62 468	30 718	28 825	14 344	110 255	5 208	20 892	136 355	22 026	129 549
July	62 941	31 049	29 134	14 466	111 229	5 365	20 996	137 590	22 495	130 602
Aug.	63 398	31 479	29 648	14 406	112 850	5 345	20 736	138 931	22 460	132 019
Sept.	64 225	31 820	30 077	14 562	114 602	5 401	20 681	140 684	22 238	132 660
Oct.	64 242	32 223	30 465	14 536	116 239	5 398	19 829	141 466	22 832	134 162
Nov.	64 911	32 478	30 810	14 687	117 443	5 697	19 746	142 886	22 426	135 800



STATE FINANCES

Mill. FIM

Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1983	1984		1983	1984
Income and wealth tax (net)	19 127	21 207	Wages, salaries, pensions etc.	10 935	12 070
Gross receipts	45 237	52 641	Repair and maintenance	1 383	1 501
Refunds & local authorities	-26 110	-31 434	Other consumption expenditure	6 646	6 621
Other taxes on income and wealth	439	566	Total consumption expenditure	18 964	20 192
Employers' child allowance payments	1	223	State aid to local authorities	14 126	16 728
Sales tax	15 861	19 736	State aid to industries	7 350	8 483
of which: agric. price subsidies			of which: agric. price subsidies	3 601	3 934
Customs duties and import charges and levies	1 419	1 568	Child allowances	2 228	2 340
Excise duties	9 404	9 968	Share in national pensions and sickness insurance schemes	2 272	2 138
Excise duty on alcoholic bevs.	3 420	3 669	Deficit of State enterprises	1 155	1 105
Excise duty on tobacco	1 437	1 479	Other transfer expenditure	8 771	9 928
Excise duty on liquid fuel	3 300	3 495	Total transfer expenditure	35 902	40 722
Other excise duties	1 247	1 325	Machinery and equipment	1 556	1 643
Tax on autom. and motor-cycles	2 054	2 407	Construction of buildings	1 014	1 163
Stamp duties	1 546	2 059	Land and waterway construction	2 196	2 117
Special diesel etc. vehicles tax	240	317	Total real investment	4 766	4 923
Other taxes and similar revenue	1 607	1 900	Interest on State debt	2 931	3 654
Total taxes	51 698	59 951	Other expenditure	10	18
Miscellaneous revenue	4 151	4 909	Total other expenditure	2 941	3 672
Interest, dividends etc.	1 669	1 499	Increase in inventories	828	-50
Surplus of state enterprises	1 641	1 808	Lending	3 997	3 766
Redemptions of loans granted	1 561	1 377	Other financial investment	596	639
Total revenue	60 720	69 544	Total expenditure	67 994	73 864
Foreign borrowing	4 073	4 633	Redemption of foreign loans	2 166	1 841
Domestic borrowing	5 630	5 297	Redemption of domestic loans	1 552	3 609
Total borrowing	9 703	9 930	Total redemptions	3 718	5 450
Deficit (+) or surplus (-)	1 289	-160			
Total	71 712	79 314	Total	71 712	79 314

State debt	1982	1983	1984			
	Dec.	Dec.	Sept.	Oct.	Nov.	Dec.
Foreign debt	18 807	21 723	24 328	24 609	24 934	24 946
Long-term debt	11 378	16 383	17 867	18 033	18 296	19 057
Short-term credit	63	18	78	118	115	266
Domestic debt	11 441	16 401	17 945	18 151	18 411	19 323
Total State debt	30 248	38 124	42 273	42 760	43 345	44 269
Total debt mill. \$	5 651	6 506	6 734	6 704	6 923	6 855

FOREIGN TRADE

Mill. FIM

Period	Value, mill. FIM		
	Exports f.o.b	Imports c.i.f.	Surplus of exports (+) or imports (-)
	1	2	3
1980	52 795	58 250	-5 455
1981	60 308	61 269	-961
1982	63 026	64 751	-1 725
1983	69 692	71 528	-1 836
1984	80 923	74 685	+6 238

1984*

Jan.	6 691	5 737	+954
Feb.	6 414	5 296	+1 118
March	6 669	5 925	+744
April	6 790	6 072	+718
May	6 624	6 304	+320
June	6 361	6 366	-5
July	6 432	7 187	-755
Aug.	6 066	6 130	-64
Sept.	6 954	5 906	+1 048
Oct.	7 737	6 754	+983
Nov.	7 287	6 380	+907
Dec.	6 898	6 628	+270

Period	Indices of exports and imports 1980 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1980	100	100	100	100	100
1981	103	94	111	112	99
1982	100	95	119	117	101
1983	104	98	127	125	101
1984	114	98	134	131	102

1982

Oct.-Dec.	107	107	127	125	101
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1983

Jan.-March	101	90	126	125	101
Apr.-June	103	95	126	124	101
July-Sept.	97	97	127	127	100
Oct.-Dec.	115	108	128	128	100

1984*

Jan.-March	114	90	132	129	102
Apr.-June	113	99	133	129	103
July-Sept.	108	99	136	133	102
Oct.-Dec.	122	101	137	134	102

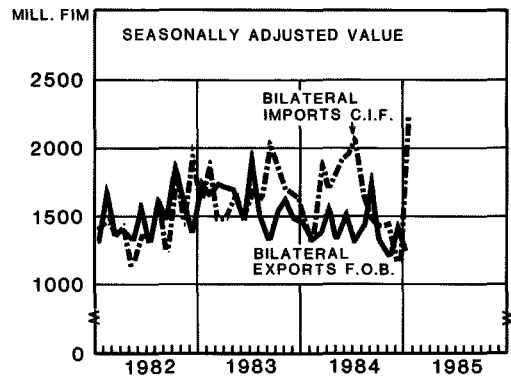
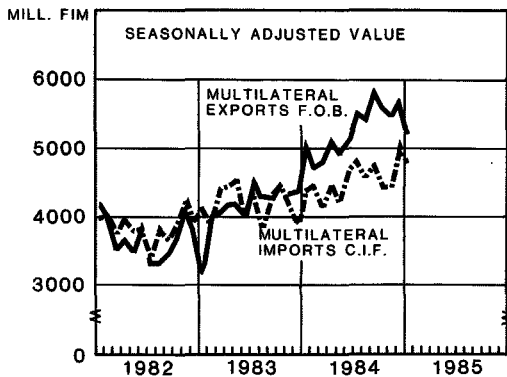
FOREIGN TRADE BY MAIN GROUPS

Mill. FIM

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 intermediate goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1	2	3	4	5	6	7	8	9	10	
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
1982	1 676	6 278	17 502	18 908	18 662	41 144	4 869	9 195	9 130	413
1983	1 723	6 944	19 327	20 211	21 487	44 757	5 006	10 860	10 572	333
1984	2 842	7 147	23 577	23 025	24 332	47 028	5 040	10 991	11 454	172

1984*

Jan.	222	502	1 625	2 396	1 946	3 162	407	1 171	932	65
Feb.	332	538	1 704	1 792	2 048	3 114	339	826	1 005	12
March	355	628	1 989	1 770	1 927	3 832	273	813	999	8
April	262	567	1 880	1 738	2 343	3 698	265	1 099	992	18
May	234	632	2 128	1 837	1 793	4 126	453	792	930	3
June	250	641	1 767	1 668	2 035	4 216	531	850	767	2
July	332	554	1 765	2 014	1 767	4 876	565	851	878	17
Aug.	173	560	2 292	1 238	1 803	3 898	473	830	916	13
Sept.	144	661	2 029	2 003	2 117	3 668	480	783	972	3
Oct.	180	674	2 210	2 662	2 011	4 174	538	958	1 075	9
Nov.	151	584	2 167	2 349	2 036	3 946	483	958	982	11
Dec.	207	606	2 021	1 558	2 506	4 318	233	1 060	1 006	11



FOREIGN TRADE BY COUNTRIES

Mill. FIM

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January–December				January–December			
	1983*		1984*		1983*		1984*	
	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM
OECD countries in Europe	55.3	38 542	57.9	46 861	51.6	36 933	54.5	40 714
Austria	0.7	518	0.7	593	1.2	837	1.1	838
Belgium and Luxembourg	1.6	1 085	1.5	1 194	1.7	1 255	1.9	1 445
Denmark	3.7	2 581	4.1	3 298	2.4	1 728	2.4	1 821
France	4.1	2 848	3.9	3 188	3.3	2 336	3.2	2 363
Federal Republic of Germany	9.6	6 669	9.6	7 754	13.2	9 464	13.9	10 385
Italy	1.9	1 300	2.1	1 711	3.0	2 141	3.1	2 348
Netherlands	4.0	2 771	3.6	2 866	2.7	1 903	2.7	2 047
Norway	3.4	2 377	4.5	3 663	2.6	1 885	2.1	1 554
Portugal	0.2	144	0.2	171	0.6	434	0.7	487
Spain	0.7	524	0.7	592	0.7	530	0.9	679
Sweden	12.4	8 635	12.3	9 962	11.2	7 996	12.3	9 194
Switzerland	1.4	947	1.3	1 006	1.7	1 208	1.7	1 230
United Kingdom	10.3	7 200	12.0	9 738	6.7	4 766	7.7	5 760
Other	1.3	943	1.4	1 125	0.6	450	0.8	563
OECD countries outside Europe	6.8	4 712	11.5	9 258	12.2	8 737	11.6	8 647
Canada	0.6	412	0.8	684	0.7	532	0.7	533
Japan	1.1	789	1.3	1 033	5.5	3 903	5.6	4 166
United States	4.1	2 860	8.2	6 617	5.6	4 043	5.0	3 730
Other	1.0	651	1.2	924	0.4	259	0.3	218
CMEA countries	27.8	19 370	20.7	16 780	28.6	20 475	26.2	19 572
Czechoslovakia	0.4	274	0.4	306	0.4	307	0.4	327
German Democratic Republic	0.5	374	0.5	374	0.6	441	0.5	404
Poland	0.2	115	0.3	231	1.3	905	1.6	1 159
Soviet Union	26.2	18 244	19.0	15 400	25.7	18 389	23.2	17 289
Other	0.5	363	0.5	469	0.6	433	0.5	393
Latin America	1.7	1 202	0.9	751	2.4	1 710	2.6	1 932
Argentina	0.1	85	0.1	79	0.1	85	0.2	134
Brazil	0.3	187	0.2	132	0.7	504	0.9	668
Colombia	0.1	100	0.1	106	0.5	313	0.6	446
Other	1.2	830	0.5	434	1.1	808	0.9	684
Other	8.4	5 866	9.0	7 273	5.2	3 673	5.1	3 820
GRAND TOTAL	100.0	7 273	100.0	80 923	100.0	71 528	100.0	74 685
of which								
EFTA countries	18.2	12 709	19.2	15 503	17.3	12 407	17.9	13 403
EEC countries	36.2	25 202	37.9	30 657	33.5	23 952	35.6	26 570
OECD countries	62.1	43 254	69.4	56 119	63.8	45 670	66.1	49 361

BALANCE OF PAYMENTS

Period	Exports f.o.b.	Imports c.i.f.	Trade account (1-2)	Transport, net	Travel, net	Other services, net	Goods and services account (3 to 6)	Invest- ment income, net	Un- requited transfers, net	Other, net	Current account (7 to 10)
	1	2	3	4	5	6	7	8	9	10	11
1981	60 243	61 703	-1 460	+3 088	+405	+1 049	+3 082	-4 423	-498	+107	-1 732
1982	62 867	65 147	-2 280	+2 856	-277	+1 732	+2 031	-5 447	-643	+164	-3 898
1983*	69 593	72 107	-2 514	+3 298	-749	+1 172	+1 207	-5 811	-721	+25	-5 300
1984*	80 750	75 250	+5 500	+4 000	-1 200	-600	+7 700	-6 700	-900	-100	0
1982											
Jan.-March	16 078	14 858	+1 220	+699	-154	+484	+2 249	-1 078	-187	-6	+978
Apr.-June	15 577	15 376	+201	+700	-83	+451	+1 269	-1 682	-167	+50	-530
July-Sept.	13 308	15 419	-2 111	+789	+151	+478	-693	-1 359	-139	+75	-2 116
Oct.-Dec.	17 904	19 494	-1 590	+668	-191	+319	-794	-1 328	-150	+42	-2 230
1983*											
Jan.-March	16 796	16 469	+327	+807	-291	+190	+1 036	-1 553	-217	-29	-766
Apr.-June	17 154	17 500	-346	+787	-229	+299	+511	-1 492	-149	+35	-1 095
July-Sept.	16 236	18 002	-1 766	+934	+44	+336	-452	-1 459	-147	+45	-2 013
Oct.-Dec.	19 407	20 136	-729	+770	-273	+347	+115	-1 307	-208	-26	-1 426
1984*											
Jan.-March	19 730	17 056	+2 674	+899	-371	-148	+3 054	-2 046	-232	-56	+720
Apr.-June	19 732	18 905	+827	+954	-327	-319	+1 135	-1 244	-150	-1	-260
July-Sept.	19 410	19 401	+9	+1 032	-125	-305	+611	-1 541	-194	+4	-1 120
Oct.-Dec.	21 878	19 888	+1 990	+1 115	-377	+172	+2 900	-1 869	-324	-47	+660

Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net	Long-term capital account (12 to 15)	Current and long-term capital account (11 + 16)	Prepayments and liabilities related to imports	Prepayments and receivables related to exports	Short-term capital of authorized banks, net	Miscellaneous, short-term capital items, incl. errors and omissions	Over-all surplus deficit excl. reserve movements (17 to 21)	Bank of Finland foreign exchange reserves
12	13	14	15	16	17	18	19	20	21	22	23
+8 312	-4 643	-518	-826	+2 325	+593	-148	+723	-421	+1 056 ¹	+1 803	-1 803
+10 213	-4 721	-1 239	-3 642	+611	-3 287	-914	+771	+1 493	+1 811	-126	+126
+10 112	-7 273	+423	-1 367	+1 895	-3 405	+3 273	-3 422	+1 272	+120	-2 162	+2 162
+14 087	-7 538	-1 600	+1 428	+6 377	+6 377	+2 500	+1 498	+1 400	-2 500	+9 275	-9 275
+3 637	-806	-114	-165	+2 552	+3 530	-676	+762	-1 517	-787	+1 312	-1 312
+2 332	-1 555	-328	-301	+148	-382	+367	+581	-171	-350	+45	-45
+1 859	-883	-127	-246	+603	-1 513	-277	-143	-520	+1 909	-544	+544
+2 385	-1 477	-670	-2 930	-2 692	-4 922	-328	-429	+3 701	+1 039	-939	+939
+2 985	-1 271	+100	-182	+1 632	+866	-115	+647	-1 214	-666	-482	+482
+2 435	-2 895	+273	-204	-391	-1 486	+1 261	-353	+699	+276	+397	-397
+1 479	-1 269	+142	-128	+224	-1 789	+1 197	-1 671	-593	+543	-2 313	+2 313
+3 213	-1 838	-92	-853	+430	-996	+930	-2 045	+2 380	-33	+236	-236
+4 075	-1 887	-235	-46	+1 907	+2 627	-763	+485	+2 443	-1 806	+2 986	-2 986
+3 858	-2 351	+89	+275	+1 871	+1 611	+1 292	+94	+2 854	-629	+5 222	-5 222
+2 495	-1 185	-603	+1 475	+2 182	+1 062	+567	-425	-1 886	-458	-1 140	+1 140
+3 659	-2 115	-851	-276	+417	+1 077	+1 404	+1 344	-2 011	+393	+2 207	-2 207

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

¹Including allocations of special drawing rights: 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 (10-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Portfolio investment	Other	Total (5 to 9)	
	1	2	3	4	5	6	7	8	9	10	11
1981	4 673	3 426	1 317	9 416	35 536	4 444	2 183	..	391	42 554	33 138
1982	6 628	4 626	3 796	15 050	47 547	4 608	2 223	..	752	55 130	40 080
1983*	6 612	6 166	3 932	16 710	53 118	4 472	2 317	848	763	61 518	44 808
1984*	8 800	8 689	1 915	19 404	63 518	3 865	2 646	2 340	764	73 133	53 729
1982											
March	4 960	3 616	1 415	9 991	38 669	4 623	2 263	..	709	46 264	36 273
June	5 361	3 741	1 471	10 573	39 847	4 456	2 313	..	696	47 312	36 739
Sept.	5 556	4 084	1 466	11 106	41 198	4 515	2 345	..	687	48 745	37 639
Dec.	6 628	4 626	3 796	15 050	47 547	4 608	2 223	..	752	55 130	40 080
1983*											
March	6 672	5 003	3 892	15 567	49 897	4 759	2 288	..	846	57 790	42 223
June	6 458	4 998	3 956	15 412	49 921	4 462	2 306	..	812	57 501	42 089
Sept.	6 411	5 392	3 935	15 738	50 705	4 566	2 303	..	798	58 372	42 634
Dec.	6 612	6 166	3 932	16 710	53 118	4 472	2 317	848	763	61 518	44 808
1984*											
March	6 658	6 687	3 539	16 884	54 014	4 225	2 354	987	731	62 311	45 427
June	6 827	7 435	3 230	17 492	57 198	3 937	2 393	1 640	729	65 897	48 405
Sept.	7 767	7 834	1 839	17 440	60 497	3 951	2 410	1 957	834	69 649	52 209
Dec.	8 800	8 689	1 915	19 404	63 518	3 865	2 646	2 340	764	73 133	53 729

Short-term assets				Short-term liabilities				Net short-term liabilities (19-15)	Net liabilities (11+20)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (12 to 14)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (16 to 18)				
12	13	14	15	16	17	18	19	20	21	22	23
11 362	13 781	14 176	39 319	2 427	20 218	14 743	37 388	-1 931	31 207	7 994	3 494
12 737	22 899	13 858	49 494	5 348	31 331	13 782	50 461	967	41 047	9 069	3 464
11 842	29 263	15 915	57 020	5 705	39 443	16 138	61 286	4 266	49 074	11 585	5 621
22 914	43 817	14 887	81 618	4 562	55 046	19 830	79 438	-2 180	51 549	12 714	5 841
12 795	13 654	13 791	40 240	3 074	18 592	14 218	35 884	-4 356	31 917	1 757	600
12 846	14 641	13 536	41 023	3 077	19 349	15 048	37 474	-3 549	33 190	2 730	1 017
12 456	17 474	13 531	43 461	4 097	21 737	14 859	40 693	-2 768	34 871	2 040	662
12 737	22 899	13 858	49 494	5 348	31 331	13 782	50 461	967	41 047	2 542	1 185
12 365	22 166	14 580	49 111	4 637	29 530	15 105	49 272	161	42 384	2 531	942
12 905	23 008	14 878	50 791	4 705	31 137	16 546	52 388	1 597	43 686	3 788	2 243
10 556	23 605	15 681	49 842	4 737	31 289	16 779	52 805	2 963	45 597	2 538	1 049
11 842	29 263	15 915	57 020	5 705	39 443	16 138	61 286	4 266	49 074	2 728	1 387
14 740	25 724	16 098	56 562	3 657	37 966	15 740	57 363	801	46 228	3 559	1 452
20 705	31 929	15 803	68 437	3 775	47 083	17 288	68 146	-291	48 114	3 286	1 987
21 064	34 614	15 962	71 640	4 815	47 882	18 137	70 834	-806	51 403	2 381	821
22 914	43 817	14 887	81 618	4 562	55 046	19 830	79 438	-2 180	51 549	3 488	1 581

PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1980 = 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			
	1	2	3	4	5	6	7	8	9	10
1983	1 189	127.6	128.8	124.2	125.9	130.8	128.5	128.7	124.4	129.3
1984	1 261	134.5	135.9	130.0	132.6	137.5	135.8	136.6	133.7	136.1
1984										
June	1 254	134.1	135.5	129.7	131.8	137.2	136.3	137.0	134.9	136.4
July	1 261	134.8	136.0	131.0	132.9	137.6	136.5	137.5	135.5	136.6
Aug.	1 264	134.8	136.6	129.5	132.6	138.2	136.9	137.7	135.7	136.9
Sept.	1 277	135.9	137.5	131.1	134.1	138.9	137.2	137.8	135.9	137.1
Oct.	1 289	137.1	138.6	132.4	135.9	139.5	137.4	138.2	136.1	137.6
Nov.	1 291	137.4	139.2	131.7	136.1	139.9	137.8	138.8	136.3	138.2
Dec.	1 298	138.1	139.7	133.4	137.1	140.4	138.2	139.0	136.5	138.3
1985										
Jan.	1 308	139.2	140.5	135.1	137.8	142.7	138.5	140.0	137.8	139.1

Period	Consumer prices 1981 = 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
1983	118.7	120.0	125.1	112.8	118.4	114.3	126.6	117.4	116.9	120.7
1984	127.1	129.1	132.5	119.4	124.5	123.0	145.2	125.4	126.4	130.8
1984										
June	127.2	128.8	132.6	119.7	126.0	122.4	144.7	124.7	126.2	130.7
July	127.7	130.2	132.7	118.6	126.0	122.7	147.7	125.7	126.1	131.0
Aug.	128.2	131.1	132.7	119.6	126.0	123.8	148.1	126.0	127.2	131.2
Sept.	129.0	132.6	132.7	121.1	126.3	124.5	148.1	126.4	128.1	132.3
Oct.	129.6	133.7	132.8	123.0	126.3	125.2	148.7	127.4	128.2	132.9
Nov.	129.7	133.4	133.0	123.4	126.3	125.9	149.4	127.1	128.6	133.3
Dec.	129.8	132.6	133.1	123.4	126.4	126.2	149.4	128.0	128.8	133.7
1985										
Jan.	131.2	133.7	139.6	119.4	126.9	126.6	153.6	129.2	130.3	137.7

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							
1	2	3	4	5	6	7	8	9	10	
1981	201.3	192.5	165.6	186.1	182.2	174.8	191.9	187.4	188.8	188.1
1982	225.7	213.5	181.8	206.9	201.1	195.0	212.0	207.3	208.8	208.0
1983	243.6	234.0	202.5	229.0	223.3	217.2	233.1	229.3	229.3	229.6
1983										
July-Sept.	239.0	233.5	202.8	230.0	223.1	218.7	233.8	230.5	229.3	230.2
Oct.-Dec.	252.2	242.0	212.4	239.7	231.7	228.2	242.3	239.3	237.8	239.1
1984*										
Jan.-March	260.7	245.6	218.1	244.7	234.0	234.7	245.7	243.1	241.5	242.7
Apr.-June	271.6	258.7	221.8	251.6	238.7	240.9	256.4	251.2	252.6	251.9
July-Sept.	271.6	256.8	225.6	253.1	238.6	242.3	257.8	252.9	252.6	253.1

PRODUCTION

Volume indices of production 1980 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1982										
July-Sept.	103	95	182	45	112	105	104	106	109	107
Oct.-Dec.	115	111	85	110	144	110	116	121	111	116
1983*										
Jan.-March	101	103	74	99	83	95	97	95	111	108
Apr.-June	107	112	80	90	91	104	105	109	111	115
July-Sept.	107	99	206	41	119	104	108	105	112	112
Oct.-Dec.	117	116	88	101	148	104	123	117	114	120
1984*										
Jan.-March	104	110	75	90	82	92	105	97	115	112
Apr.-June	109	113	82	92	84	103	112	106	115	119
July-Sept.	109	101	184	47	116	103	110	109	116	117

PRODUCTION

Index of industrial production 1980 = 100

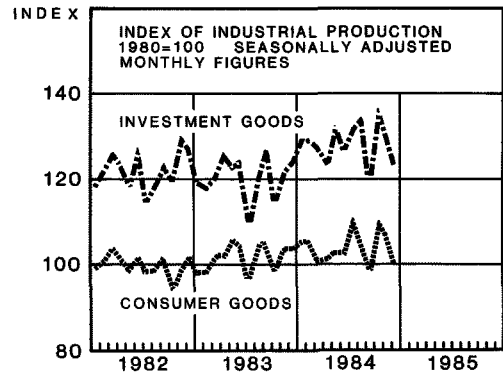
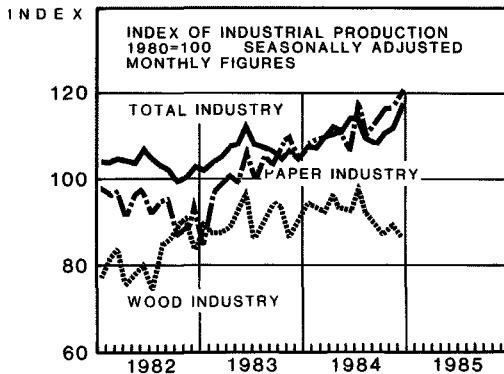
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
	1	2	3	4	5	6	7	8	9	10	11
1982*	103.7	121.0	103.4	100.6	106.4	83.5	96.1	98.8	109.8	114.0	103.8
1983*	106.9	121.2	102.4	106.4	108.6	91.0	102.2	105.1	117.3	114.5	106.9
1984*	111.3	129.2	105.0	111.1	108.3	92.3	113.0	109.7	107.8	120.8	111.6

1983*

Dec.	106.4	124.4	102.6	105.0	105.4	79.4	97.0	107.3	106.9	116.8	105.2
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1984*

Jan.	113.4	135.1	109.4	111.4	100.0	91.7	111.3	111.6	102.8	125.7	107.9
Feb.	108.2	130.4	103.2	106.7	87.5	85.7	112.9	103.8	92.4	120.9	108.0
March	116.4	142.0	109.7	114.9	97.1	98.6	118.2	120.4	111.4	129.3	110.5
April	107.8	132.1	100.5	106.8	95.4	102.2	102.9	116.3	96.2	121.6	112.7
May	121.8	158.5	110.9	120.4	114.0	118.2	120.5	117.6	117.5	144.1	111.8
June	110.0	144.5	101.5	107.9	103.6	103.1	91.5	105.7	114.6	128.2	114.7
July	74.9	54.7	71.9	79.8	97.2	41.7	124.2	71.9	60.8	56.0	114.5
Aug.	114.7	131.5	108.7	114.5	114.3	90.5	117.5	112.2	124.7	122.7	109.7
Sept.	110.5	127.3	102.0	111.5	105.6	99.6	111.3	112.2	127.7	120.6	108.6
Oct.	126.3	145.0	122.4	124.7	140.4	104.6	124.2	121.4	134.3	137.9	111.3
Nov.	124.2	144.5	121.7	121.6	132.1	94.9	123.0	120.7	116.6	136.8	112.0
Dec.	104.4	122.7	98.4	104.0	102.4	65.3	109.5	102.5	94.3	116.6	117.6



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 1980 = 100	Wholesale volume index 1980 = 100
	1	2	3	4	5	6	7	8
1982	3 659	2 526	2 377	149	5.9	41 435	106	109
1983	3 681	2 546	2 390	156	6.1	39 324	107	110
1984*	3 700	2 572	2 413	158	6.2	41 414
1983								
Nov.	3 695	2 507	2 355	152	6.1	3 391	106	117
Dec.	3 695	2 526	2 369	157	6.2	4 109	132	124
1984*								
Jan.	3 699	2 510	2 339	171	6.8	3 577	97	94
Feb.	3 700	2 498	2 329	169	6.8	4 209	95	101
March	3 694	2 520	2 353	168	6.6	4 734	105	111
April	3 693	2 523	2 356	167	6.6	4 207	101	98
May	3 697	2 579	2 438	140	5.4	3 734	113	120
June	3 695	2 745	2 570	175	6.4	2 664	115	106
July	3 700	2 761	2 614	146	5.3	1 323	113	93
Aug.	3 700	2 598	2 454	145	5.6	1 649	113	119
Sept.	3 703	2 549	2 395	153	6.0	2 353	105	116
Oct.	3 706	2 520	2 370	150	6.0	3 561	114	121
Nov.	3 704	2 517	2 358	159	6.3	4 269	111	117
Dec.	3 705	2 544	2 386	158	6.2	5 134

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										
	1	2	3	4	5	6	7	8	9	10	11
1983*	51.78	19.66	6.44	18.34	3.65	47.37	18.43	5.92	16.32	3.55	51.44
1984*	49.40	19.87	5.63	17.24	3.12	43.25	17.35	4.97	15.44	2.74	52.56
1983*											
July-Sept.	14.22	4.23	1.07	6.90	0.91	11.06	3.96	1.86	3.52	0.96	58.14
Oct.-Dec.	8.59	3.31	0.95	2.78	1.02	15.46	6.12	2.07	5.24	1.02	51.44
1984*											
Jan.-March	9.11	3.83	1.12	3.08	0.61	8.72	3.72	0.71	3.08	0.62	47.01
Apr.-June	16.19	7.21	2.35	4.67	0.73	8.64	3.53	0.55	3.57	0.51	53.65
July-Sept.	12.85	4.82	1.26	4.67	1.04	9.61	3.61	1.64	2.74	0.90	55.96
Oct.-Dec.	9.98	3.40	0.81	4.43	0.69	13.75	5.64	1.88	4.75	0.58	52.56

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Claims = Government promissory notes + Bonds + Total coinage + Other claims on the public sector. Other liabilities = Cheque accounts + Counter cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other liabilities to the public sector. Certificates of deposit are interest bearing, freely transferable term liabilities of the Bank of Finland sold to the government. Their maturities range from one week to one year. As from November 1, 1983, certificates of deposit were replaced by the government deposit account.

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other liabilities to financial institutions — Bonds — Other claims on financial institutions.

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 liabilities to corporations — Bonds — Other claims on corporations.

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 the end of the month lending rates weighted by credit outstanding. The annual figure for the average lending rate is an unweighted average of the weighted average monthly rates.

Gross central bank debt of the deposit banks = The commercial banks' and Postipankki's cheque account overdrafts + Call money credit. Prior to January 1984 the average monthly amount of cheque account overdrafts at base rate was restricted by the quota granted to each bank. The banks could obtain central bank credit in excess of the quota by borrowing on the Bank of Finland's call money market. As from January 1984, the quotas were abolished and the only source of central bank debt is now the call money market. There is no longer any absolute ceiling on call money credit. However, banks' borrowing is monitored and a bank whose borrowing exceeds a certain limit comes under the special surveillance of the central bank. The interest charged on call money credit, the call money rate, is adjusted by the central bank in line with monetary policy objectives at the time.

Net central bank debt of the deposit banks = Gross central bank debt of the deposit banks — The commercial banks' and Postipankki's deposits on the call money market — All deposit banks' cash reserve deposits at the Bank of Finland.

Cash reserve deposits of the deposit banks equal the total amount of cash reserve deposits at the Bank of Finland made by the deposit banks under the Cash Reserve Agreement of March 8, 1983. The deposit banks consist of the commercial banks, co-operative banks, savings banks and Postipankki.

The cash reserve requirement is set each month by the Bank of Finland as the percentage of each bank's stock of deposits which must be deposited at the central bank. Deposits are to be made one month after the close of the month to which the coefficient applies.

Call money credit extended by the Bank of Finland = Demand for call money by the deposit banks — Supply of call money by the deposit banks.

Average cost of gross central bank debt = Costs of borrowing paid to the Bank of Finland by the deposit banks, as a percentage of their gross 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 markka 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 M₁ = 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.

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.

Columns 1—7. The figures for the trade and goods and services accounts are in accordance with the System of National Accounts.

Columns 12—13. Long-term loans comprise financial loans and import and leasing credits.

Column 15. Miscellaneous long-term capital items, net = direct investment, net + portfolio investment by foreigners + financial loans and development credits to abroad + Finland's subscriptions to international financial institutions, net.

Column 23. Changes in the foreign exchange reserves of the Bank of Finland exclude changes in the markka value of the reserves caused by changes in exchange rates.

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: Portfolio investment = the outstanding amount of share issues by Finnish companies on foreign stock exchanges and of securities sold to foreign buyers through the Helsinki Stock Exchange. Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds.

Column 22. Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payment of long-term foreign assets and liabilities, excl. amortisation payments of the Bank of Finland's reserve and oil credits.

Columns 22 and 23 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 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 1 155 to 1 809 Finland formed a part of the kingdom of Sweden. Connected from 1 809 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 1983 is as follows: Social Democratic Party of Finland 57, National Coalition Party 44, Centre Party 38, Democratic League of the People of Finland 27, Finnish Rural Party 17, Swedish People's Party 11, Christian League of Finland 3, The Greens 2 and Finnish People's Constitutional Party 1.

Finland is divided into 461 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of 4 years.

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 338 000 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 (1979). The total land area was distributed among different classes of owners approximately as follows: private 58.7 %, State 31.4 %, joint stock companies etc. 7.4 %, municipalities and parishes 2.5 %.

POPULATION

NUMBER OF INHABITANTS (1983): 4.9 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1983): In South Finland 47.4, in East and Central Finland 14.3, in North Finland 4.2 and in the whole country an average of 16.0 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1983): 40 % of the population inhabit the rural areas, 60 % towns. The largest towns are: Helsinki (Helsingfors), the capital, 484 471 inhabitants, Tampere (Tammerfors) 167 344, Turku (Åbo) 163 002.

EMPLOYMENT (1984): Agriculture and forestry 12 %, industry and construction 33 %, commerce 14 %, transport and communication 7 %, financing, insurance, real estate and business services 6 %, community and personal services 28 %.

LANGUAGE (1983): Finnish speaking 93.6 %, Swedish speaking 6.1 %, others 0.3 %.

EDUCATION (1985): Practically all persons over 15 years of age are literate. There are 8 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1983): births 13.8 ‰, deaths 9.3 ‰, change + 5.8 ‰, net immigration + 1.4 ‰. Deaths in France 10.3 ‰ and Great Britain 11.7 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1983), in million FIM: Gross domestic product at factor cost by industrial origin: agriculture and fishing 11 868 (5 %), forestry 9 007 (4 %), manufacturing 73 782 (30 %), construction 20 442 (8 %), trade, restaurants and hotels 27 803 (11 %), transport and communication 19 129 (8 %), banking and insurance 9 423 (4 %), ownership of dwellings 16 460 (7 %), other services 58 084 (23 %), total 245 998. Index of real domestic product 108 (1980 = 100).

FOREST RESOURCES (1982). The growing stock comprised of 1 658 million m³ (solid volume with bark) of which 45 % was pine and 37 % spruce the remaining 18 % being broad-leaved trees chiefly birch. Of the growing stock 667 million m³ was up to the standard required for logs, 52 % of these being pine. The annual growth was 67 million m³ and the total drain calculated on the basis of roundwood consumption was 48.5 million m³.

AGRICULTURE (1982). Cultivated land 2.4 million hectares. Number of holdings 212 630 of which 148 590 are of more than 5 ha. Measure of self-sufficiency in bread cereals (1983) 93 %.

INDUSTRY (1982). Gross value of industrial production FIM 205 471 mill., number of workers 409 499, salaried employees 145 997, motive power 8.2 mill. kW. Index of industrial production 103.6 for 1982 (1980 = 100).

STATE RAILWAYS (Dec. 31, 1984): Length 6 069 km.

MERCHANT FLEET (Dec. 31, 1984): Passenger vessels 160 (230 499 gross reg. tons), tankers 44 (1 005 952 gross reg. tons), dry cargo vessels 167 (816 949 gross reg. tons), other vessels 101 (13 876 gross reg. tons), total 472 (2 067 275 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1983): Passenger cars 1 410 438, lorries and vans 167 831, buses 9 102, others 10 585, total 1 597 956.

FINNISH AIRLINES (Feb. 28, 1985). Finnair has in use 1 DC-8-62, 3 DC-9-10, 5 DC-9-41, 12 DC-9-51, 3 DC-9 Super 82, 3 DC-10-30, 1 DC-10-30 ER and 3 Fokker F-27 Friendship MK. The company has scheduled flights to 34 foreign and 21 domestic destinations.

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 markka (plural: markkaa), which is divided into 100 penniä (singular: penni). The abbreviation used for the markka is FIM. The last par value of the markka was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per markka (equivalent, at the time, to 4.20 markkaa per U.S. dollar). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a currency index. This index is tradeweighted and as from Jan. 1, 1984 indicates the average change in the convertible currencies which are important in Finnish foreign trade. The present currency weights are SEK 18.3, DEM 19.4, GBP 15.3, USD 9.6, other currencies 37.4. The permissible range of fluctuation is about 2.25 per cent on either side of the theoretical arithmetic mean. The fluctuation limits are 106.0 and 101.3.

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, 1984). There are two big and eight small commercial banks with in all 942 offices, 263 savings banks, 370 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 48 private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1985). The Bank of Finland's base rate is 9 %. The interest rates for domestic lending other than bank financing by the Bank of Finland vary between 6 ½ % and 11 ½ %. Other credit institutions: time deposits 4 %; 6 month deposits 6 %; 12 month deposits 7 ½ %; 24 month deposits 8 % and sight deposits 1 %.

THE BALANCE OF PAYMENTS AND FOREIGN EXCHANGE POLICY IN 1984

by Esko Aurikko, Lic.Pol.Sc.
and Timo Taivalaho, M.Pol.Sc.
Bank of Finland

Finland's external balance strengthened markedly in 1984. The current account was in balance for the year as a whole after posting a deficit of some 2 per cent of GDP in the previous year. Economic growth continued at a steady pace but there was little change in the overall level of imports, so that the improvement was largely due to increased foreign demand, which had started to pick up in late 1983. The improvement was particularly striking as regards transactions in convertible currencies, which make up some four-fifths of the total; a deficit of about 3 per cent of GDP in 1983 moved into a small surplus last year. Although interest payments on Finland's foreign debt produced another deficit on the investment income account, there was a clear surplus in the trade balance.

Developments in the capital account were also quite significant. Strong confidence in the external value of the Finnish markka, coupled with the relatively high level of short-term interest rates in Finland, induced a substantial capital inflow. Indeed, the inflow would have been even stronger if the Bank of Finland had not intervened heavily in the forward markets. All in all, the foreign exchange reserves more than doubled in 1984, totalling FIM 18.5 billion at the end of the year.

MERCHANDISE TRADE

After growing by about 4 per cent in the previous year, the volume of Finnish exports increased by almost 10 per cent 1984, again exceeding the growth in Finland's export markets and in world trade in general. The growth of western exports accelerated from about 5

per cent in 1983 to nearly 17 per cent in 1984 (see Chart 5 below). By contrast, exports to centrally planned economies, primarily the Soviet Union, fell by about 13 per cent, after a decline of 2 per cent in 1983. Changes in multilateral and bilateral exports in recent years have occurred at opportune times from the point of view of economic management. Thus, expanding exports to eastern Europe during the international recession of 1981-82, backed up by expansionary economic policies at home, helped to keep Finland on a stable growth path (Chart 1). Subsequently, the fairly strong pick-up in western demand corrected the imbalance in multilateral trade.

CHART 1. GROWTH OF REAL GDP AND EXTERNAL BALANCE

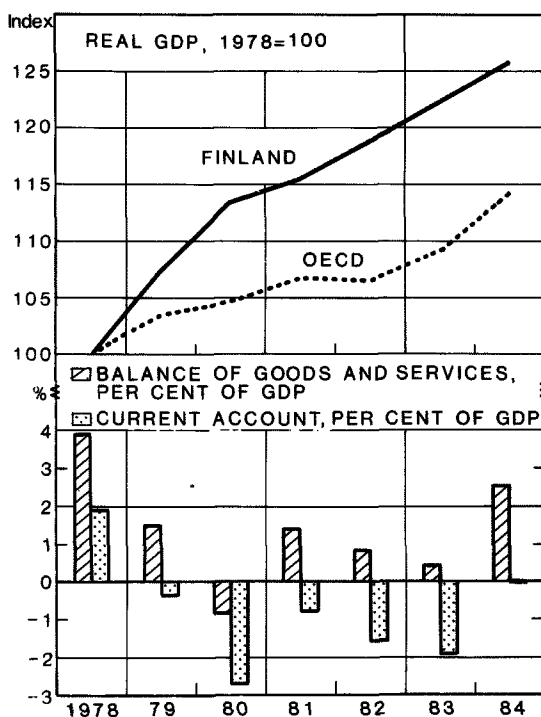
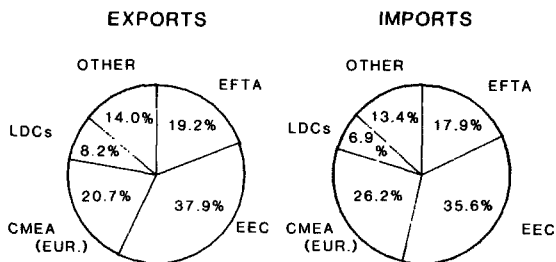


CHART 2. FOREIGN TRADE BY AREAS IN 1984



Reflecting the shifts in export demand, there were changes in the regional distribution of Finland's foreign trade in 1984. The share of the EEC in Finnish exports increased by two percentage points, and that of EFTA countries by one point. The share of developing countries actually fell by half a percentage point, but this was due entirely to reduced oil imports from OPEC countries. The share of other countries went up by over 4 percentage points, while that of CMEA countries fell by 7 percentage points (Chart 2). Along with many other countries, Finland benefitted from strong US demand: Finnish exports to the United States more than doubled last year, raising the share of that country in Finnish exports to over 8 per cent.

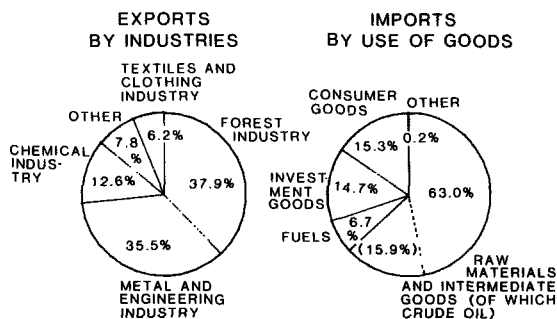
The volume of merchandise imports declined marginally by 0.3 per cent, and there were few changes in the regional distribution of imports (Chart 2). The share of the EEC increased by 2 per cent at the expense of the CMEA countries, while there was little change in the shares of other country groupings. Even though imports from the Soviet Union, consisting predominantly of oil and other energy products, declined, the Soviet Union was still Finland's largest single trading partner, followed by Sweden, the Federal Republic of Germany, the United Kingdom and the United States.

Analyzed by types of products, export industries making the greatest advances included the paper industry, where the volume of exports grew by 17 per cent. New capacity introduced over the past few years was practically in full use throughout the year, and prospects for 1985 appear reasonable. Else-

where in the forest industry, developments were mixed. The market for sawn timber weakened in the late spring, and the volume of exports fell slightly from its 1983 level. Exports of woodpulp remained unchanged, and expanded world capacity started to exert pressures on prices in the final weeks of the year.

Other notable growth industries were the engineering industry and the chemical industry, which both recorded a 14 per cent increase in export volumes. Overall, Finland's exports rely heavily on the forest industry and the metal and engineering industries, which together make up nearly three-quarters of the country's total exports (Chart 3).

CHART 3. FOREIGN TRADE BY MAIN CATEGORIES OF GOODS IN 1984



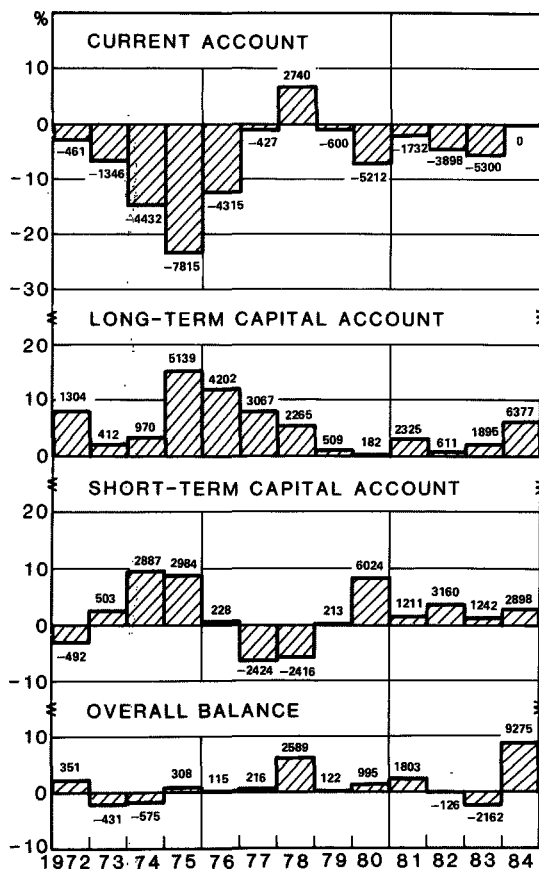
In spite of greatly increased volumes, price developments were fairly moderate. Supported by the strong US dollar, forest product prices, and to some extent also basic metal prices, helped to increase export prices by some 6 per cent in markka terms.

Notwithstanding the continued growth of the Finnish economy, the volume of imports in 1984 was still slightly below the previous peak in 1980. In part, this reflects the reduced import-propensity of the economy, although certain special factors also influenced developments last year. The relatively tight stance adopted in economic policy was designed to defer part of domestic demand growth until 1985, and this affected both fixed capital formation and, in particular, inventory investment. Imports of investment goods declined by almost 3 per cent in volume terms. On the

other hand, imports of consumer goods rose by 3 per cent in line with the growth of private consumption. Imports of consumer durables increased even more rapidly. At 9.3 million tonnes, imports of crude oil were some 10 per cent less than in the preceding year. In contrast to OECD countries in general, oil consumption in Finland declined by about 3 per cent last year. The share of oil in total energy consumption amounted to 34 per cent, 14 percentage points less than five years earlier. A factor which might have been expected to affect all import categories, not least the most important group of raw materials and intermediate goods (Chart 3), was the higher cost of financing and the attractiveness of financial assets. Imports of raw materials and intermediate goods (excl. crude oil) nevertheless increased by 3 per cent.

Import prices rose fairly steadily in the different categories, and, for the year as a whole, the unit value index of imports, measured in markkaa, was 5 per cent higher than a year earlier. With export prices advancing by 6 per cent, Finland's terms of trade improved by 1 per cent. There has been little change in the terms of trade over the past few years, and in 1984 Finland's terms of trade were 2 per cent better than in 1980 (see Chart on p. 13).

CHART 4. PRINCIPAL BALANCE OF PAYMENTS COMPONENTS AS A PERCENTAGE OF CURRENT PAYMENTS AND IN MILLION FIM



SERVICES AND THE CURRENT ACCOUNT

The trade account was in surplus practically throughout the year and posted a record surplus of FIM 5.5 billion for the year as a whole.¹ In 1983, the trade account had shown a deficit of FIM 2.5 billion. The surplus in western trade amounted to some FIM 8 billion, while there was a deficit of FIM 2.5 billion in the trade with CMEA countries.

In contrast to the favourable trade developments, the traditional surplus in the services account narrowed noticeably. Net earnings from services amounted to FIM 2.2 billion, down from FIM 3.7 billion in the previous year (Table 1; see p. 16 for further details). There was nevertheless a marked increase in transport earnings. With a record number of Finns taking holidays abroad, the deficit in the travel account widened appreciably. The most striking change took place in other services, where the balance swung from a surplus of FIM 1.2 billion in 1983 to a deficit of FIM 0.6 billion in 1984. This was mainly due to a fall in receipts from construction projects abroad, principally in the USSR and the Middle East.

Interest payments on Finland's external debt increased substantially as a result of both higher gross debt and exchange rate changes. On the other hand, the large increase in foreign exchange reserves augmented Finland's earnings, and the net deficit on the investment income account increased by only

¹ On balance-of-payments (SNA) basis; unadjusted customs figures indicated a surplus of FIM 6.2 billion.

TABLE 1. BALANCE OF PAYMENTS, MILLION FIM

	1982	1983	1984 ¹
Commodity exports ²	62 867	69 593	80 750
Commodity imports ²	65 147	72 107	75 250
TRADE BALANCE	-2 280	-2 514	5 500
Services, net	4 311	3 721	2 200
BALANCE ON GOODS AND SERVICES	2 031	1 207	7 700
Investment income and unrequited transfers	-5 929	-6 607	-7 700
CURRENT ACCOUNT	-3 898	-5 300	0
Long-term capital, net	611	1 895	6 377
BASIC BALANCE	-3 287	-3 405	6 377
Trade credits	-143	-149	3 998
Short-term capital of authorized banks	1 495	1 272	1 400
Other short-term capital	1 811	120	-2 500
OVERALL BALANCE	-126	-2 162	9 275
Bank of Finland's foreign exchange reserves (increase -)	126	2 162	-9 275

¹ Preliminary. For further details, see pages 16 and 17.

² Balance-of-payments (SNA) basis. See page 13 for customs figures.

a modest FIM 0.9 billion to FIM 6.7 billion. The net deficit in unrequited transfers, consisting largely of development assistance, increased from FIM 0.7 to FIM 0.9 billion.

All in all, the current account was in balance in 1984 after having been in deficit since 1979. Current account transactions in convertible currencies recorded a small surplus of FIM 0.2 billion after a deficit totalling FIM 7-8 billion in the preceding two years. In contrast, current transactions in tied currencies² swung from a surplus of FIM 2.8 billion in 1983 to a deficit of FIM 0.2 billion in 1984.

CAPITAL FLOWS AND RESERVE MOVEMENTS

In view of the favourable current account position, total net capital inflows were quite substantial in 1984, rising to FIM 9.3 billion from FIM 3.1 billion in the previous year (see Table 1 and p. 17 for more details). Net

² Transactions with the USSR, the German Democratic Republic, Bulgaria and, until January 1985, Hungary.

long-term borrowing amounted to FIM 6.5 billion, the major part of which was attributable to the central government and financial institutions. The latter used the bulk of their new loans to reduce their short-term debt. Net capital imports by the corporate sector remained modest: in addition to scheduled repayments of debt, firms also showed interest in converting their old loans to new ones on improved terms. This was facilitated by the favourable conditions in the international capital market and Finland's good credit standing.

The internationalization of Finnish firms proceeded apace in 1984. Several Finnish companies issued shares abroad, and foreign investors also showed interest in buying Finnish corporate shares on the Helsinki Stock Exchange. The total net value of shares sold abroad in 1984 amounted to FIM 1.5 billion, which was nearly three times as much as in the previous year.

Another aspect of the increasing internationalization of Finnish firms is substantial direct investment abroad. The outward direct investment flow totalled FIM 2.5 billion in net terms, up from FIM 1.5 billion in 1983. By contrast, foreign interest in establishing in Finland remained modest, the net inward flow amounting to only FIM 0.3 billion.

Because of an exceptionally large number of ships, oil-drilling platforms and other heavy capital goods items exported last year, new long-term export credits increased to FIM 3.3 billion. Taking redemptions into account, export credits represented a net long-term capital outflow of FIM 1.6 billion. In 1984, the Soviet Union paid back in full the FIM 2.2 billion long-term credit which Finland had extended to it in 1982. All in all, the long-term capital account recorded a surplus of FIM 6.4 billion.

Short-term capital inflows were also substantial, especially in the first half of the year. This reflected both the attractiveness of short-term money market rates as well as returning con-

fidence in the external value of the Finnish markka. The Bank of Finland had raised the call money rate appreciably in September 1983, primarily to ward off speculative currency outflows, and for monetary policy reasons the rate was kept fairly high (at 14.8–17.5 per cent) throughout 1984.

In the first half of the year, private short-term capital inflows amounted to over FIM 6 billion, and, even when the repayment of credit line facilities used by the Bank of Finland is included, there was still a surplus in the short-term capital account of FIM 4.0 billion. For the year as a whole, the short-term capital account showed a surplus of FIM 2.9 billion. While most of the short-term capital inflows early in the year was taken up by banks, there was a marked increase in firms' trade credits during the summer months. In addition, the Bank of Finland intervened heavily in the forward market. By buying foreign exchange forward from the banks, the central bank obviated the need of the banks to import short-term capital to cover their greatly increased forward purchases from exporters. Intervention by the Bank of Finland, which had grown to FIM 12.7 billion by the end of June, exceeded FIM 20 billion at the end of the year (see table on p. 7).

In the course of 1984, the convertible reserves of the Bank of Finland increased from FIM 8.1 billion to FIM 18.8 billion. Whereas the convertible reserves at the end of 1983 had amounted to about 8 weeks' import payments, at the end of 1984 they were equivalent to approximately 17 weeks' imports. The tied currency accounts shifted from a net creditor position of FIM 0.6 billion to a net debtor position of FIM 0.3 billion.

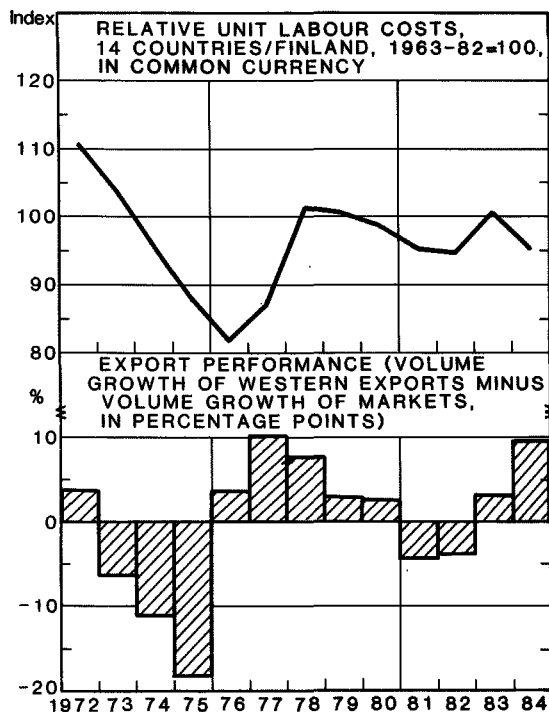
FOREIGN EXCHANGE POLICY

International foreign exchange markets continued to be turbulent in 1984, with large swings in the exchange rates of the major currencies. These developments were largely attributable to the vigorous economic growth

in the United States and the high level of dollar interest rates in comparison to other major currencies.

Foreign exchange markets in Finland were subject to considerable pressures during the year, mainly as a result of the fairly stringent stance of domestic monetary policy. In the early part of 1984, the external value of the markka was allowed to appreciate slightly. The major part of the pressures stemmed, however, from the high domestic interest rate level, which induced heavy capital inflows.

CHART 5. COMPETITIVENESS AND EXPORT PERFORMANCE



From the beginning of 1984, only the convertible currencies most important in Finland's foreign trade were taken into account when calculating the currency index number expressing the external value of the markka. This amendment entailed the exclusion of the rouble from the new currency index. At the same time, a new index formula was adopted and the fixed base year principle was abandoned.

The external value of the markka was left unchanged at the time of the revision, but the markka strengthened slightly during January. Moreover, on March 27, the Bank of Finland raised the external value of the markka by about one per cent in order to support certain monetary policy measures. However, the fluctuation limits of the index were kept unchanged. During the rest of the year, the index number remained stable at close to 102.5.

Thus movements in the selling rates quoted by the Bank of Finland in the course of the year mainly reflected changes in exchange rates in international markets. The selling rate of the US dollar increased by 12.4 per cent during the year, while the rates of the Deutsche Mark and the pound sterling fell by nearly 3 and 10 per cent, respectively. The selling rate of the Swedish krona remained broadly unchanged.

In the forward markets, exporters increased their sales of convertible currencies to the banks towards the end of 1983. This was a consequence of the substantial increase in the domestic call money rate and the ensuing rise in forward rates. From the beginning of 1984, the Bank of Finland started to intervene in the forward markets for convertible currencies by

buying forward currencies from the banks. This was undertaken in order to curb the rapid increase in the convertible foreign exchange reserves of the Bank of Finland and thus in domestic liquidity. Towards the end of the year, forward rates decreased along with the fall in the call money rate and international rates as well as with expectations of further falls in the call money rate. At the end of 1984, the banks' total forward exchange contracts with the Bank of Finland amounted to FIM 20.1 billion.

After the Bank of Finland had suspended the quotation of forward rouble rates and ceased to cover banks' and firms' open rouble positions, the Bank's outstanding stock of forward rouble claims matured in full in the summer of 1984.

At the beginning of the year, the Bank of Finland had credit facility agreements with international bank consortia totalling USD 1.5 billion. Of this amount, USD 350 million was in use to support the foreign exchange reserves. These drawings were repaid in February and March. With the rapid improvement in the foreign exchange position in the course of the year, the Bank of Finland cancelled all the credit facility agreements in November.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM MARCH 1984 TO MARCH 1985

1984

March

Repayment of standby credit. On March 23, 1984, the Bank of Finland repays its last standby credit in use, amounting to USD 200 million.

The external value of the markka. On March 27, 1984, the Bank of Finland raises the external value of the markka by about one per cent within the range of fluctuation of the currency index number.

Financing of domestic suppliers' credits. The Bank of Finland reduces its share in the financing of domestic suppliers' credits from 40 to 30 per cent as from March 27, 1984. At the same time, the Bank raises the lower limit on the contract price of a delivery which can be financed from FIM 300 000 to FIM 400 000.

Arrangement for the financing of short-term export credits. On March 27, 1984, the Bank of Finland decides to reduce the maximum annual average amount of the Bank's financing of short-term export credits from FIM 50 to FIM 30 million as from January 1, 1984.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.0 per cent to 5.4 per cent at the end of March.

April

Call money market. The Bank of Finland rescinds the upper limit on the banks' call money deposits as from April 1, 1984. The Bank of Finland lowers the call money rate from 17.5 to 17.0 per cent as from the same date. The call money rate is lowered further to 16.7 per cent as from April 17 and to 16.5 per cent as from April 19.

Cash reserve requirement. The Bank of Finland raises the cash reserve requirement from 5.4 to 5.6 per cent at the end of April.

Revisions in Foreign Exchange Regulations. In a decision of the Council of State, the foreign branch offices of commercial banks and Postipankki are defined as non-residents as from March 1, 1984. Because of this decision, the Bank of Finland announces certain other revisions in the Foreign Exchange Regulations, which enter into force on April 11, 1984. The right of Finnish residents to use credit and debit cards for purchasing goods to be imported to Finland is extended as from the same date, provided that the value of any one purchase does not exceed FIM 10 000.

May

Call money market. The Bank of Finland raises the call money rate from 16.5 to 16.8 per cent as from May 29.

June

Export deposits. On June 5, the Council of State decides to collect export deposits for pulp to be exported between June 8, 1984 and June 7, 1985. The deposits are to be made at the Bank of Finland, and will bear interest at a rate of 8 $\frac{3}{4}$ per cent.

July

Call money market. The Bank of Finland lowers the call money rate from 16.8 to 16.5 per cent as from July 3.

September

Central bank financing. The Bank of Finland decides to extend to Peruspankki Ltd, as from

the beginning of September, the same rights to central bank financing and the use of the call money market as the other commercial banks.

Call money market. The Bank of Finland lowers the call money rate from 16.5 to 16.0 per cent as from September 7 and further to 15.8 per cent as from September 28.

Cash reserve requirement. On September 7, 1984, the Bank of Finland concludes a new cash reserve agreement with the banks. According to it, the cash reserve base comprises, in addition to deposits received on normal terms, the total stock of deposits denominated in foreign currency, special deposits and the banks' net foreign liabilities after certain deductions.

Regulation of average lending rates. On September 7, 1984, the Bank of Finland decides to revise its regulation of the banks' average lending rates. According to the new system, the average lending rate applied by a banking institution to its domestic markka-denominated lending is allowed to rise by not more than 30 per cent of the increase in the average deposit rate on the bank's total stock of deposits. The new system is to become effective progressively as from the beginning of October.

October

Call money market. The Bank of Finland lowers the call money rate from 15.8 to 15.6 per cent as from October 26.

November

Financing of domestic suppliers' credits. The Bank of Finland raises the rate of interest applied to domestic suppliers' credits by one percentage point to 10 ½ per cent. At the same time, the Bank raises the lower limit on the contract price of a delivery which can be financed to FIM 1 million and the commitment fee to a maximum of 0.35 per cent. The revisions are to concern domestic suppliers' credits granted as from November 1, 1984.

Export deposits. The Council of State decides to discontinue the collection of export deposits on sawn pine wood as from November 1, 1984.

Insurance companies' right to acquire foreign shares. On November 9, 1984, the Bank of Finland authorizes the insurance companies engaged in foreign insurance business to also invest, on certain conditions, the funds obtained from their foreign insurance business in foreign shares.

Call money market. The Bank of Finland lowers the call money rate from 15.6 to 15.4 per cent as from November 14 and further to 15.2 per cent as from November 30.

Bank of Finland's credit facility agreements. On November 16, the Bank of Finland cancels its credit facility agreements totalling USD 1.5 billion with international banking consortia.

December

Banks' foreign lending activities and transactions in foreign securities. Through permits entering into force at the beginning of December, the Bank of Finland increases the banks' opportunities to engage in foreign lending activities and dealings in foreign securities, particularly shares. These permits require that the credits granted to non-residents and the security purchases are refinanced mainly by resorting to foreign credit.

Call money market. The Bank of Finland lowers the call money rate from 15.2 to 14.8 per cent as from December 21.

1985

January

Arrangement for the financing of short-term export credits. On January 1, 1985, the Bank of Finland raises the rate of interest on short-term export credits so that, irrespective

of the credit period, it is the same as the Bank of Finland's base rate at any one time. At the same time, the Bank of Finland decides to reduce the maximum annual average amount of the Bank's financing of short-term export credits from FIM 30 to FIM 20 million.

Call money market. The Bank of Finland lowers the call money rate from 14.8 to 14.6 per cent as from January 11 and further to 14.2 per cent as from January 25.

February

Interest rate policy. The Bank of Finland lowers its base rate from 9.5 to 9.0 per cent as from February 1. The banks are required to lower, in general, the rates of interest on their outstanding loans by 0.5 percentage point from the same date. The upper limit on the banks' lending rates is also lowered to 13.5 per cent. In addition, the rates of interest on the banks' tax-exempt deposit accounts fall, on average, by 0.5 percentage point.

Domestic foreign-currency-denominated loans. As from February 1, 1985, the Bank of Finland limits the amount of domestic foreign currency

loans granted by an authorized bank which do not require the prior approval of the Bank of Finland to no more than the amount of domestic non-bank foreign currency deposits with the bank.

Payments agreement between Finland and Hungary. Under an agreement concluded between the Finnish and Hungarian authorities in October 1984, the payments agreement between the two countries terminates on January 31, 1985. As from February 1, 1985, payments between the two countries are to be effected in convertible currencies.

Call money market. The Bank of Finland lowers the call money rate from 14.2 to 14.0 per cent as from February 26.

March

Currency options. The Bank of Finland decides to entitle the authorized banks to conclude option contracts as from March 1, 1985. However, these contracts may not concern rates of exchange quoted against the Finnish markka. (See the item in this issue of the Bulletin.)

ITEMS

Participation in option markets. The Bank of Finland decided to entitle the authorized banks to conclude option contracts on certain conditions as from March 1, 1985. For the time being, however, such contracts may not be written for exchange rates against the Finnish markka.

In the international foreign exchange and financial markets, new methods of hedging against exchange and interest rate risks are constantly being devised. Options are one of these methods. An option is a contract by which the option seller (the writer) entitles, but does not oblige, the option buyer to buy or sell currency or financial claims in the future on conditions agreed upon in advance.

According to the Bank of Finland's guidelines, the banks may sell currency options written abroad to domestic firms as from the date mentioned above. Finnish firms are allowed to conclude currency option contracts directly with foreign residents only with the Bank of Finland's special permission. In addition, Finnish banks may conclude currency and interest rate option contracts on their own account abroad.

From the point of view of the option writer, i.e. a bank, considerable problems attach to the pricing and covering of option contracts concerning markka rates. Hence, the Bank of Finland does not, for the time being, allow the writing of markka options.

Commemorative coin of the 150th anniversary of Kalevala. The Finnish national epic the Kalevala was compiled by Elias Lönnrot from folk poems collected by him and

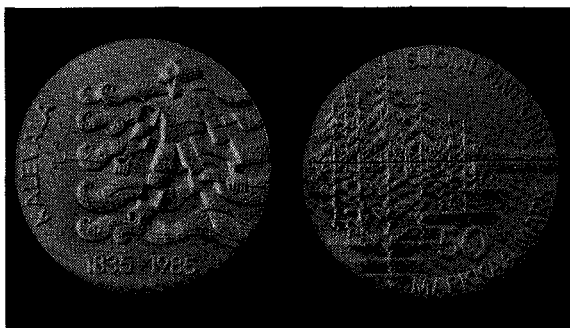
his contemporaries. It has had a greater and more varied influence on Finland's national culture than any other single piece of art.

The Kalevala has been translated in its entirety into 33 languages and in abridged versions into more than 100 languages.

To mark the 150th anniversary of the publication of the Kalevala, the Mint of Finland has struck a commemorative silver coin in the denomination of 50 markkaa. It was designed by Reijo Paavilainen.

The obverse depicts the Kalevala hero Väinämöinen, with the text KALEVALA 1835—1985. The reverse shows a Finnish forest scene and bears the legend 50 MARKKAA MARK and SUOMI FINLAND. The edge of the coin is engraved with the text "Pysy Suomessa pyhänä, Karjalassa kaunihina" (Remain sacred in Finland, beautiful in Karelia).

The issue comprises 300 000 pieces. The silver content of the coin is 500 ‰, the weight 20 grammes and the diameter 35 mm.



The coin was issued on February 28th, 1985, and it is legal tender. Foreign sales are handled by the commercial banks.

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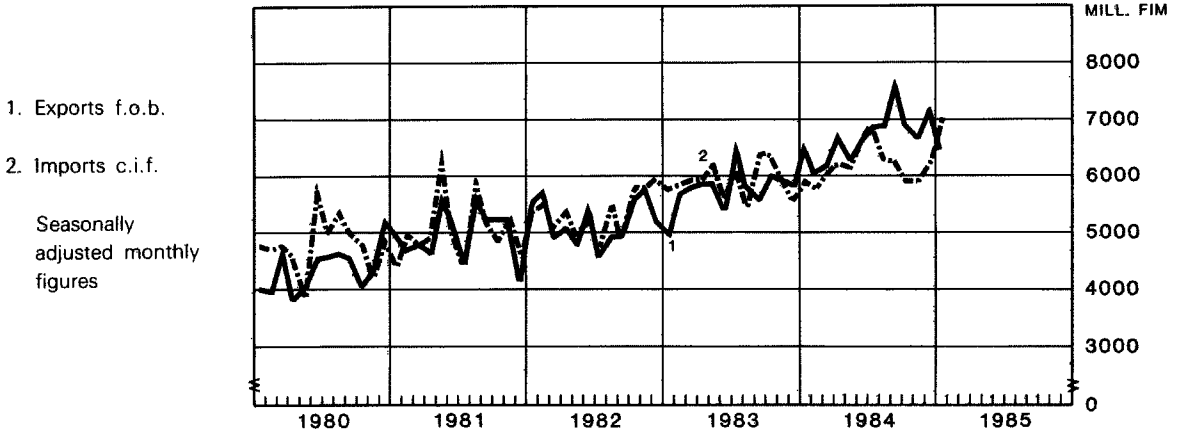
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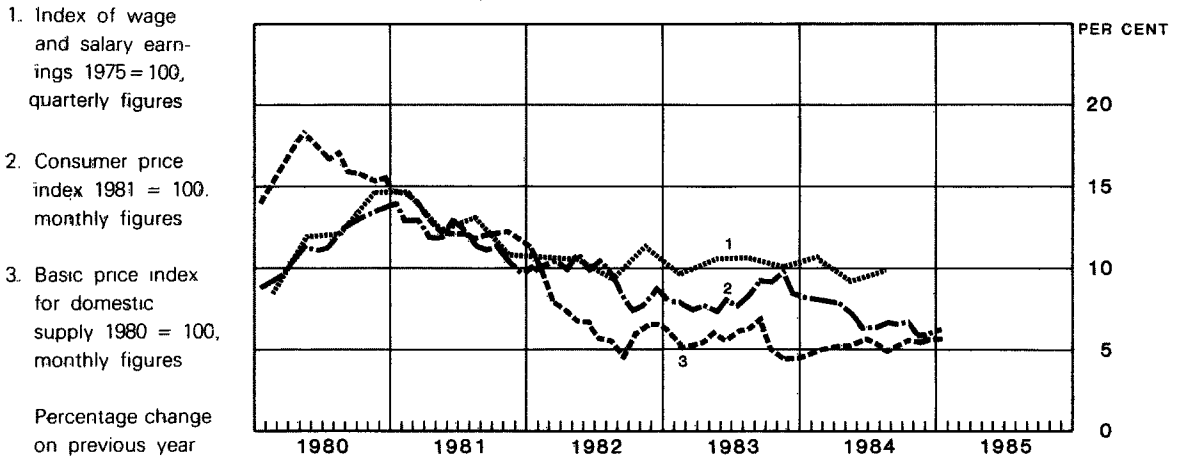
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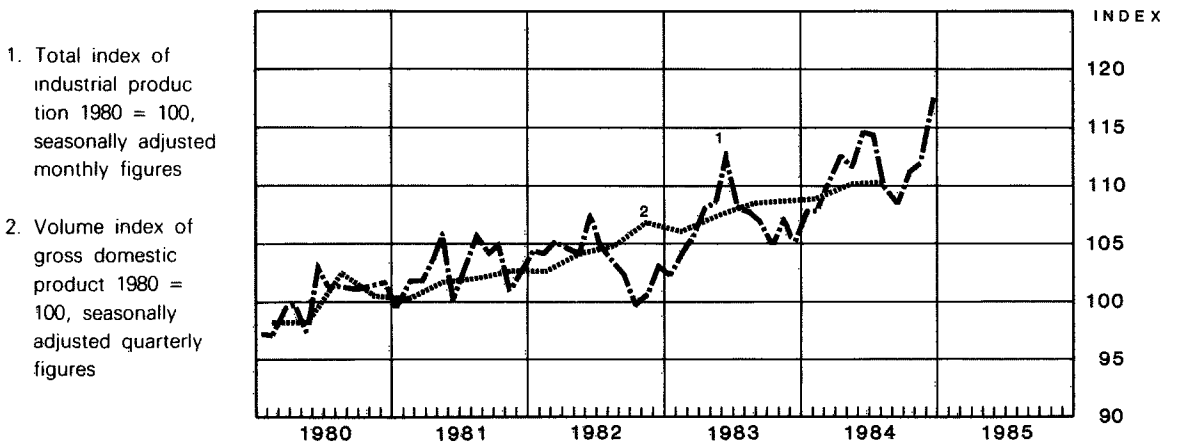
FOREIGN TRADE, 1980-85



PRICES AND WAGES, 1980-85



PRODUCTION, 1980-85



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Suomen Pankki — Finlands Bank
P.O. Box 160, SF-00101 Helsinki, Finland
Telephone: Helsinki 1832629
Telex: 121224 spfb sf
Cables: SUOMENPANKKI Helsinki

EDITOR-IN-CHIEF Antero Arimo
EDITOR Marja Hirvensalo

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