



BANK OF FINLAND

Monthly Bulletin

Finland's foreign debt in 1985

The balance of payments and foreign exchange policy in 1985

Monetary and foreign exchange policy measures from April 1985 to March 1986

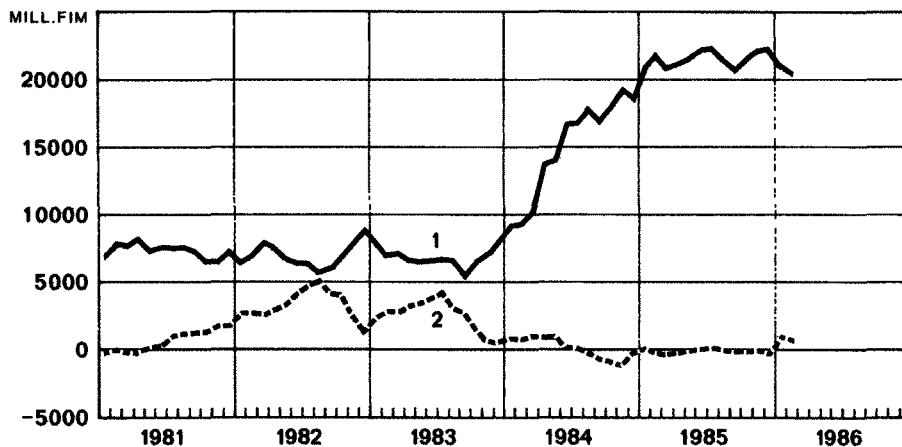
Finnish investment abroad and foreign investment in Finland in 1985

Committee proposes uniform banking legislation for deposit banks

MARCH 1986

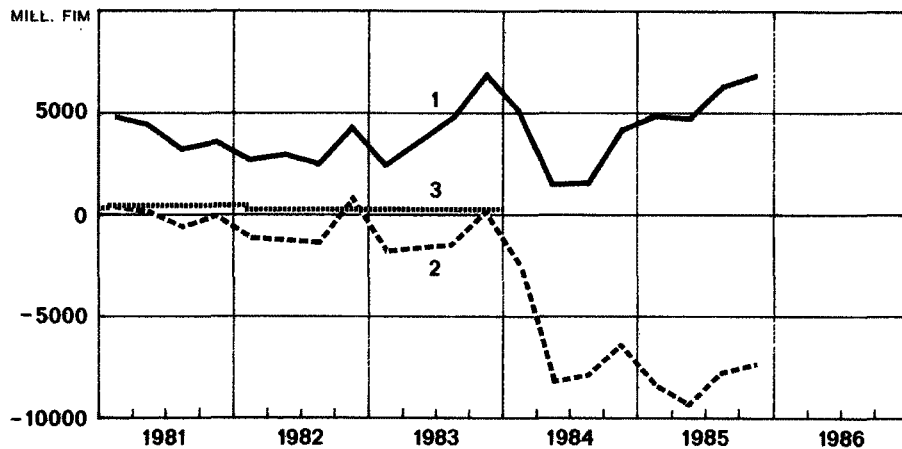
Vol. 60 No. 3

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1981-86



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

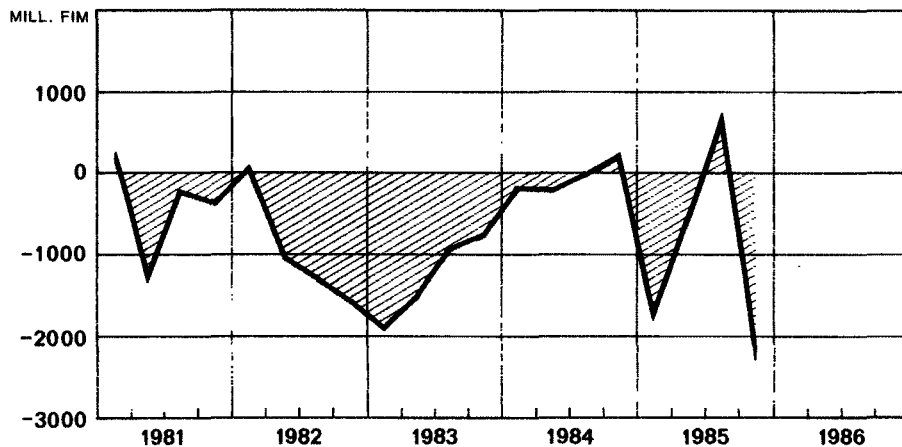
DEPOSIT BANKS' CENTRAL BANK POSITION, 1981-86



- 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, 1981-86



Seasonally adjusted quarterly figures

FINLAND'S FOREIGN DEBT IN 1985

by Marja Kantonen, Research Officer
Exchange Policy Department
Bank of Finland

Finland's economic performance was relatively favourable in 1985: total output grew by 3 per cent, the rate of inflation fell by one percentage point to five per cent in the course of the year, and unemployment remained at around 6 per cent. However, the current account posted a deficit of FIM 4.0 billion after having been broadly in balance in 1984. Net capital inflows declined from the previous year, largely as a result of a narrowing in interest rate differentials. The Finnish markka remained stable throughout the year.

Finland's net long-term foreign debt totalled FIM 58.0 billion at the end of the year. This represented a rise of FIM 5.5 billion in the markka-value of the debt, which was less than in 1984. In contrast to that year, exchange rate changes had the effect of decreasing the debt; the effect of the fall in the US dollar alone amounted to FIM 6.0 billion.

The gross long-term foreign debt consisted primarily of loans and import credits. Drawings of long-term loans fell slightly last year. As in 1984, several loans were refinanced on better terms.

The decline in drawings of long-term foreign loans is partly explained by the fact that a substantial amount of the foreign capital imported by the corporate sector took the form of portfolio investment. The Finnish capital market continued to attract the interest of international investors because of Finland's high interest rate level and the strength of the markka. During the first half of the year, the total value of purchases of Finnish bonds and debentures was more than four times the corresponding value for the whole of 1984. To forestall the potentially disruptive consequences of the inflow for monetary policy, sales of these bonds abroad were suspended by the Bank of Finland from June 24 onwards.

Both sales abroad of Finnish shares quoted on the Helsinki Stock Exchange and share issues by Finnish companies on foreign stock exchanges decreased last year. Shares account for only a minor part of portfolio investment, the total stock of which amounted to FIM 6.3 billion at the end of the year. This is about 8 per cent of the gross long-term debt.

Direct investment abroad by Finnish companies has increased rapidly during recent years, and especially since 1983. Last year the total nominal value of the stock of direct investment grew from FIM 8.7 billion to FIM 10.5 billion. Direct investment by foreign companies in Finland has been on a more modest scale and, at the end of the year, the nominal value of the stock amounted to FIM 3.0 billion.

Owing to the heavy sales of Finnish bonds abroad, over 10 per cent of Finland's gross long-term debt was markka-denominated at the end of the year. The share of the markka has traditionally been rather small, mainly because foreign loans have only exceptionally been raised in Finnish markkaa. The US dollar remained the predominant loan currency, ac-

CHART. FINLAND'S NET FOREIGN DEBT, 1972-85

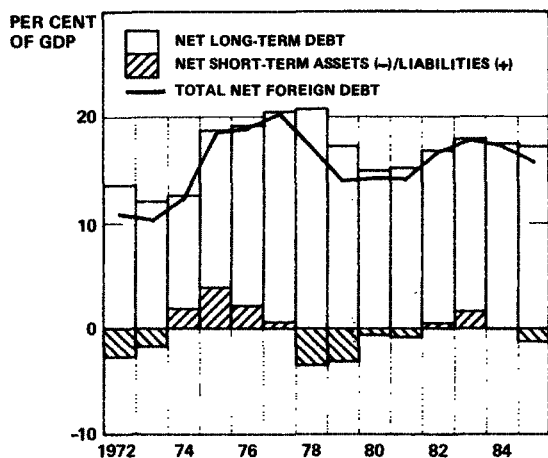


TABLE. NET FOREIGN DEBT, IN MILLION FIM

January—December, 1985

	31.12. 1984	Net drawings	Impact of Exchange Rates	31.12. 1985 ¹
Long-term loans	68 116	4 830	-5 008	67 938
Corporations	29 094	203	-2 608	26 689
Financial institutions	13 366	3 140	- 520	14 986
Central government	24 928	1 556	-806	25 678
Local authorities	728	-69	- 74	585
Other gross long-term debt	5 171	4 784	- 16	9 939
A. GROSS LONG-TERM DEBT	73 287	9 614	-5 024	77 877
Long-term loans	9 415	-659	-1 057	7 699
Corporations	8 935	-1 354	-989	6 592
Financial institutions	222	640	-56	806
Central government	258	55	- 12	301
Other gross long-term assets	10 109	2 276	-178	12 207
B. GROSS LONG-TERM ASSETS	19 524	1 617	-1 235	19 906
NET LONG-TERM DEBT (A-B)	53 763	7 997	-3 789	57 971
C. GROSS SHORT-TERM DEBT	78 179	4 618	-1 241	81 556
D. GROSS SHORT-TERM ASSETS	78 722	8 615	-1 310	86 027
NET SHORT-TERM DEBT (C-D) ²	-543	-3 997	69	-4 471
NET FOREIGN DEBT	53 220	4 000	-3 720	53 500

¹ Preliminary

² Incl. foreign exchange reserves

counting for 39 per cent of the gross long-term debt at the end of last year. The Japanese yen accounted for 12 per cent, the Deutschemark for 11 per cent and the Swiss franc for 8 per cent of the total. To some degree, however, the currency breakdown is inaccurate because of the growing number of multicurrency loans, swap operations etc.

High domestic money market yields induced substantial short-term capital inflows throughout 1984 and in the opening months of 1985. Subsequently, however, the short-term inflow was reversed and there was a net short-term outflow of FIM 0.3 billion for the year as a whole. The gross short-term foreign liabilities of Finnish companies decreased by FIM 0.9 billion to FIM 17.0 billion, while their gross short-term foreign assets grew by more than FIM 4.0 billion to FIM 16.8 billion. The growth was mainly due to an increase in trade credits. The banks' gross short-term foreign liabilities totalled FIM 60.5 billion and exceeded their gross short-term foreign assets by FIM 16.5 billion. The banking sector's gross liabilities and assets both declined last year. This was an exception to the general trend in recent years,

which has been marked by rapid expansion of gross assets and liabilities, largely as a reflection of the growing internationalization of Finnish banks and firms.

Gross short-term liabilities totalled FIM 81.6 billion and gross short-term assets FIM 86.0 billion at the end of the year. Short-term assets include the Bank of Finland's foreign exchange reserves, of which convertible currencies accounted for FIM 22.4 billion.

During the early part of the 1980s, the ratio of Finland's net foreign debt to GDP increased from 14 per cent to 17 per cent. This indicator of the level of indebtedness fell by one percentage point to 16 per cent in 1985. Excluding direct investment; net foreign debt was equivalent to 18 per cent of GDP. Finland's total net foreign debt amounted to FIM 53.5 billion, which was FIM 0.3 billion more than one year earlier. Service charges on net debt in relation to current account earnings remained at about 12 per cent.

February 27, 1986

	1985		1986			
	Feb. 28	Dec. 31	Feb. 7	Feb. 14	Feb. 21	Feb. 28
Assets						
Gold and foreign currency claims	22 268	22 650	21 799	22 289	22 001	21 501
Gold	1 732	2 081	2 081	2 081	2 081	2 081
Special drawing rights	995	931	931	933	927	916
IMF reserve tranche	904	775	787	777	772	751
Convertible currencies	18 317	18 608	16 935	17 441	17 368	16 894
Tied currencies	320	255	1 065	1 057	853	859
Other foreign claims	2 835	2 645	2 633	2 644	2 644	2 655
Markka subscription to Finland's IMF quota	2 835	2 645	2 633	2 644	2 644	2 655
Claims on financial institutions	8 278	9 256	7 180	9 135	8 203	6 934
Banks' cheque accounts	43	—	—	—	—	—
Call money market advances	4 816	5 219	3 408	5 502	4 500	3 174
Till-money credits	1 364	1 925	1 585	1 439	1 517	1 531
Bonds	2 030	2 065	2 127	2 137	2 143	2 148
Other claims on financial institutions	25	47	60	57	43	81
Claims on the public sector	1 958	1 023	1 039	1 043	1 041	972
Government promissory notes	1 000	—	—	—	—	—
Bonds	105	118	133	136	134	69
Total coinage	839	891	897	898	898	899
Other claims on the public sector	14	14	9	9	9	4
Claims on corporations	4 928	4 679	4 794	4 824	4 829	4 804
Financing of exports	1 782	1 601	1 671	1 699	1 706	1 696
Financing of domestic deliveries	2 947	2 924	2 972	2 974	2 972	2 958
Bonds	116	81	79	79	79	78
Other claims on corporations	83	73	72	72	72	72
Other assets	141	146	147	147	146	148
Total	40 408	40 399	37 592	40 082	38 864	37 014
Liabilities						
Foreign currency liabilities	751	576	146	153	149	148
Convertible accounts	63	36	29	37	33	29
Tied currencies	688	540	117	116	116	119
Other foreign liabilities	3 800	3 494	3 483	3 492	3 487	3 488
IMF markka accounts	2 835	2 645	2 634	2 644	2 644	2 655
Allocations of special drawing rights	965	849	849	848	843	833
Notes and coin in circulation	6 929	8 072	7 428	7 387	7 380	7 499
Notes	6 229	7 304	6 683	6 642	6 635	6 753
Coin	700	768	745	745	745	746
Liabilities to financial institutions	15 300	12 153	12 414	13 823	12 676	12 476
Banks' cheque accounts	17	0	0	0	0	0
Call money market deposits	5 184	1 205	1 848	3 265	2 139	2 221
Cash reserve deposits	9 241	10 222	9 828	9 828	9 828	9 556
Capital import deposits	756	639	632	624	616	599
Other liabilities to financial institutions	102	87	106	106	93	100
Liabilities to the public sector	2 893	4 300	2 000	3 101	3 101	1 500
Cheque accounts	1	0	0	1	1	0
Government deposit account	2 800	4 300	2 000	3 100	3 100	1 500
Export deposits	92	—	—	—	—	—
Capital import deposits	—	—	—	—	—	—
Other liabilities to the public sector	0	0	0	0	0	0
Liabilities to corporations	3 120	4 267	4 496	4 456	4 423	4 432
Deposits for investment and ship purchase	2 184	3 841	3 832	3 792	3 791	3 824
Capital import deposits	932	424	660	660	628	604
Other liabilities to corporations	4	2	4	4	4	4
Other liabilities	14	14	19	14	15	15
Valuation account and reserves	1 295	1 639	1 722	1 772	1 749	1 572
SITRA's capital	400	400	400	400	400	400
Capital accounts	5 906	5 484	5 484	5 484	5 484	5 484
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	484	484	484	484
Undisposed profits	126	—	—	—	—	—
Net earnings	16	-280	—	—	—	—
Total	40 408	40 399	37 592	40 082	38 864	37 014

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
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
1985	3 787	18 572	22 359	-285	-849	21 225	1 023	4 300	0	3 277
1985										
Feb.	3 631	18 254	21 885	-368	-965	20 552	1 958	2 800	93	935
March	3 540	17 366	20 906	-502	-910	19 494	2 021	1 400	100	-521
April	3 565	17 639	21 204	-321	-917	19 966	1 808	1 000	510	-298
May	3 537	18 128	21 665	62	-907	20 820	1 819	1 100	100	-619
June	3 547	18 743	22 290	253	-901	21 642	1 817	800	58	-959
July	3 498	18 842	22 340	269	-889	21 720	1 580	1 600	58	78
Aug.	3 468	18 032	21 500	-159	-873	20 468	1 575	1 500	58	-17
Sept.	3 463	17 391	20 854	-269	-865	19 720	1 297	1 500	58	261
Oct.	3 462	18 174	21 636	-283	-859	20 494	1 269	1 500	59	290
Nov.	3 447	18 811	22 258	-166	-853	21 239	1 320	4 400	0	3 080
Dec.	3 787	18 572	22 359	-285	-849	21 225	1 023	4 300	0	3 277
1986										
Jan.	3 797	17 353	21 150	1 090	-849	21 391	1 036	1 000	14	-22
Feb.	3 748	16 865	20 613	740	-833	20 520	972	1 500	0	528

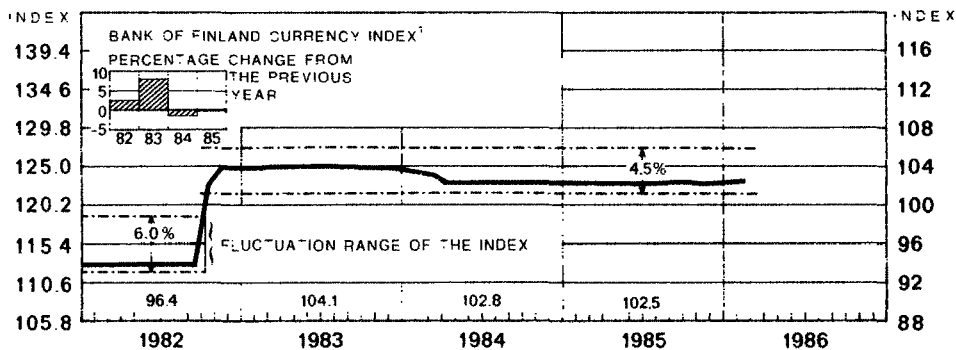
OFFICIAL FOREIGN EXCHANGE RESERVES

Mill. FIM

	Dec. 31. 1984	Nov. 29. 1985	Dec. 31. 1985	Jan. 31 1986	Feb. 28. 1986
Gold	1 732	1 732	2 081	2 081	2 081
SDRs	936	932	931	930	916
IMF reserve tranche	859	783	775	786	751
Convertible currencies, net	15 303	18 811	18 572	17 353	16 865
Total convertible reserves, net	18 830	22 258	22 359	21 150	20 613
Tied currencies, net	-337	-166	-285	1 090	740
Total reserves, net	18 493	22 092	22 074	22 240	21 353

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
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
1985	1 925	0	5 219	1 205	10 222	-1 386	-2 897	4 525	4 113	412	8 072
1985											
Feb.	1 364	26	4 816	5 184	9 241	-1 197	-7 022	4 729	2 921	1 808	6 929
March	1 273	1	4 599	5 335	9 452	-1 173	-7 741	4 751	3 085	1 666	6 972
April	1 435	29	4 558	5 199	9 502	-1 170	-7 509	4 684	3 243	1 441	7 173
May	1 373	47	3 611	4 785	9 577	-1 175	-8 156	4 744	3 237	1 507	7 322
June	1 384	0	3 845	5 120	9 686	-1 163	-8 414	4 754	3 899	855	7 553
July	1 533	64	4 391	4 981	9 878	-1 203	-7 668	4 758	4 223	535	7 376
Aug.	1 371	52	5 553	4 692	9 928	-1 212	-6 432	4 734	4 040	694	7 342
Sept.	1 617	182	7 396	5 940	9 983	-1 352	-5 376	4 660	4 094	566	7 352
Oct.	1 567	-28	5 950	5 381	10 019	-1 384	-6 527	4 789	4 111	678	7 322
Nov.	1 450	-8	5 901	3 881	10 097	-1 992	-4 643	4 707	4 094	613	7 442
Dec.	1 925	0	5 219	1 205	10 222	-1 386	-2 897	4 525	4 113	412	8 072
1986											
Jan.	1 558	0	1 852	1 734	9 828	-1 454	-6 698	4 654	4 434	220	7 455
Feb.	1 531	0	3 174	2 221	9 556	-1 530	-5 542	4 654	4 282	372	7 499

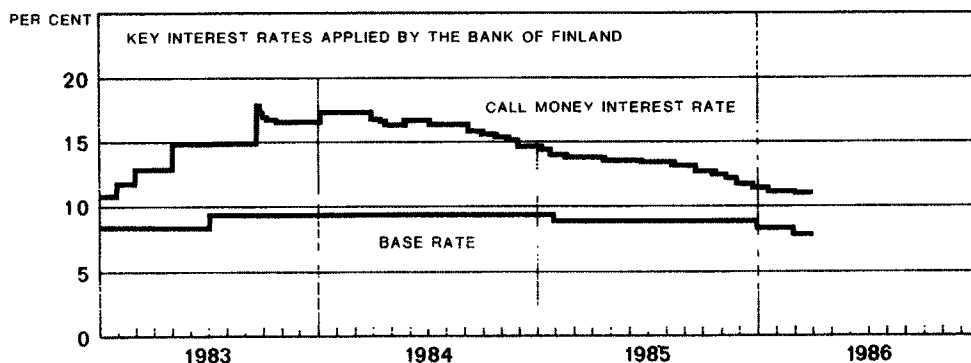
¹ The left-hand scale depicts movements in the external value of the markka under the index in use until December 31, 1983 (1974 = 100), and the right-hand scale movements in the external value of the markka under the revised index introduced on January 1, 1984 (1982 = 100).



MONETARY POLICY INDICATORS

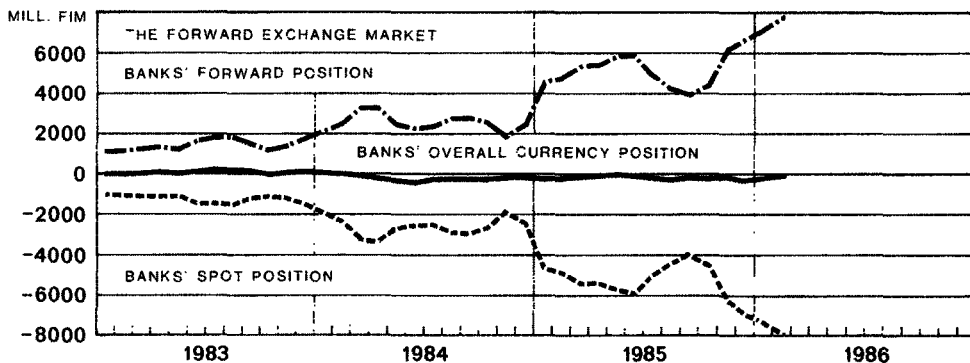
Average for period	Gross central bank debt of the deposit banks mill. FIM	Net central bank debt of the deposit banks mill. FIM	Cash reserve deposits of the deposit banks mill. FIM	Cash reserve requirement %	Call money credit extended by the Bank of Finland	Call money interest rate %	Average cost of gross central bank debt %	Base rate %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9
1981	4 095	-33	2 795	3.5	2 161	11.48	11.61	9.25	9.84
1982	3 201	-783	2 778	3.1	1 571	11.64	11.99	8.81	9.33
1983	4 539	-1 213	4 345	4.3	2 724	15.37	15.14	9.00	9.56
1984	3 176	-6 365	6 325	5.4	-39	16.53	16.53	9.50	10.49
1985	5 812	-8 293	9 578	5.6	1 285	13.37	13.37	9.04	10.41
1984									
Dec.	5 650	-5 999	8 051	5.6	2 052	15.07	15.07	9.50	10.68
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	10.30
March	5 727	-8 143	9 262	5.6	1 119	14.00	14.00	9.00	10.36
April	5 483	-8 902	9 453	5.6	552	13.96	13.96	9.00	10.38
May	4 691	-9 268	9 504	5.6	236	13.80	13.80	9.00	10.37
June	4 337	-10 150	9 588	5.6	-562	13.77	13.77	9.00	10.37
July	5 444	-8 711	9 695	5.6	984	13.60	13.60	9.00	10.40
Aug.	6 153	-7 843	9 881	5.6	2 038	13.43	13.43	9.00	10.43
Sept.	7 771	-6 928	9 930	5.6	3 002	13.11	13.11	9.00	10.42
Oct.	7 516	-7 079	9 982	5.6	2 904	12.78	12.78	9.00	10.43
Nov.	6 407	-8 485	10 024	5.6	1 539	12.37	12.37	9.00	10.40
Dec.	7 084	-6 784	10 101	5.6	3 317	11.96	11.96	9.00	10.37
1986									
Jan.	5 280	-7 742	10 210	5.3	2 467	11.64	11.64	8.50	9.90
Feb.	4 242	-8 187	9 818	5.0	1 631	11.40	11.40	8.50	..

¹ End of period.



FORWARD EXCHANGE MARKETS IN FINLAND

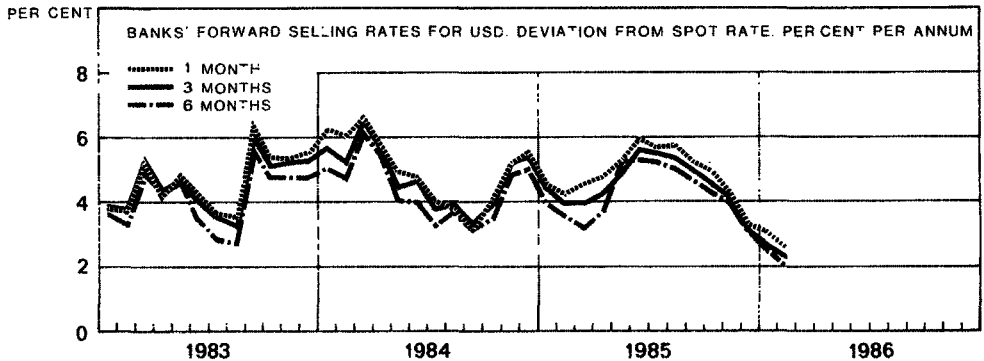
Period	Banks' forward positions in mill. FIM with						Banks' forward selling rates for USD		
	Domestic firms			Foreign banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
1	2	3	4	5	6	7	8	9	
1984	22 921	1 394	21 527	2 002	-19 962	3 746	5.6	5.5	5.1
1985	16 982	1 733	15 249	708	-9 005	6 876	3.3	3.2	3.1
1984									
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	5.3	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
Feb.	22 602	1 592	21 010	2 971	-18 323	5 186	4.3	4.0	3.6
March	23 344	2 247	21 097	1 048	-16 848	5 575	4.6	4.0	3.3
April	22 987	2 219	20 769	1 640	-16 768	5 753	4.8	4.3	3.8
May	22 085	2 316	19 769	1 708	-15 704	5 865	5.3	4.9	4.5
June	21 221	2 259	18 962	1 941	-15 352	5 478	6.0	5.7	5.4
July	19 534	2 250	17 284	2 418	-14 224	5 558	5.7	5.6	5.3
Aug.	18 271	2 727	15 544	1 083	-12 493	4 163	5.8	5.4	5.1
Sept.	17 755	2 889	14 866	92	-11 101	3 811	5.3	5.0	4.7
Oct.	17 666	2 795	14 871	805	-9 813	5 986	5.0	4.6	4.3
Nov.	17 510	2 014	15 496	1 200	-10 032	6 702	4.3	4.1	4.0
Dec.	16 982	1 733	15 249	708	-9 005	6 876	3.3	3.2	3.1
1986									
Jan.	17 233	1 945	15 288	543	-8 349	7 457	3.1	2.7	2.6



FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange. FIM

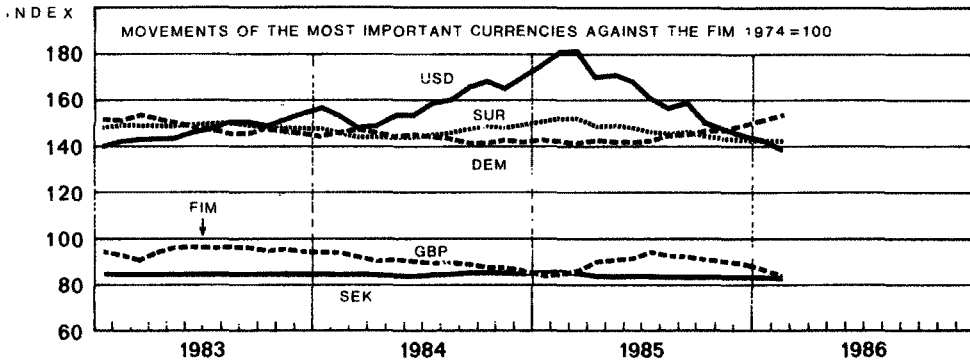
Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC	BEL
	1	2	3	4	5	6	7	8	9	10	11
1981	4.315	3.602	8.731	6.976	85.74	75.54	60.96	191.31	173.43	11.688	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
1985	6.206	4.554	8.000	6.590	72.22	72.31	58.71	211.42	187.45	10.483	10.421
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
March	6.861	4.962	7.688	6.486	72.97	72.56	58.11	207.80	183.82	10.341	10.286
April	6.445	4.732	8.028	6.562	72.05	72.52	58.32	209.55	185.32	10.405	10.354
May	6.477	4.716	8.091	6.533	72.14	72.47	58.00	208.44	184.60	10.365	10.319
June	6.371	4.665	8.172	6.535	72.10	72.40	58.06	208.37	184.78	10.347	10.298
July	6.099	4.516	8.402	6.570	71.95	72.29	58.26	209.37	185.97	10.398	10.316
Aug.	5.942	4.387	8.253	6.653	71.70	72.30	58.93	213.31	189.63	10.547	10.425
Sept.	6.025	4.404	8.232	6.611	71.89	72.39	58.60	212.50	188.92	10.510	10.431
Oct.	5.690	4.168	8.106	6.676	71.63	72.10	59.41	215.47	191.11	10.633	10.556
Nov.	5.579	4.060	8.042	6.668	71.60	71.66	59.53	215.40	191.26	10.654	10.608
Dec.	5.487	3.941	7.952	6.737	71.57	71.85	60.23	218.51	194.03	10.722	10.666
1986											
Jan.	5.419	3.860	7.747	6.772	71.49	71.90	60.64	222.15	197.11	10.875	10.733
Feb.	5.258	3.748	7.513	6.827	71.14	72.27	61.15	225.39	199.50	11.018	10.904



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 ¥ JPY	Moscow 100 Rbl SUR	special drawing right SDR	Currency index ¹
12	13	14	15	16	17	18	19	20	21	22
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
253.60	69.40	0.327	30.12	3.67	15.20	3.66	2.610	7.419	6.278 77	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
244.48	68.14	0.331	29.61	3.81	16.62	3.76	2.660	7.654	6.601 66	102.5
249.89	68.78	0.329	29.85	3.77	16.02	3.76	2.568	7.487	6.380 70	102.5
247.90	68.50	0.328	29.68	3.71	15.73	3.71	2.578	7.496	6.399 94	102.5
248.20	68.49	0.328	29.67	3.69	15.52	3.67	2.564	7.455	6.344 84	102.4
252.74	68.98	0.323	29.82	3.64	15.07	3.64	2.529	7.359	6.211 68	102.5
259.72	69.98	0.319	30.40	3.63	14.77	3.64	2.509	7.319	6.131 58	102.5
258.26	69.77	0.318	30.25	3.57	14.57	3.59	2.550	7.366	6.183 31	102.6
262.81	70.80	0.320	30.69	3.52	13.85	3.54	2.653	7.262	6.051 77	102.6
262.36	70.80	0.320	30.66	3.50	13.63	3.51	2.740	7.209	6.016 47	102.4
261.01	71.57	0.322	31.12	3.48	13.36	3.54	2.710	7.183	5.971 01	102.5
262.42	72.55	0.327	31.63	3.49	13.03	3.56	2.712	7.164	5.940 24	102.6
269.08	73.58	0.332	32.10	3.50	12.80	3.59	2.850	7.161	5.926 58	102.7

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

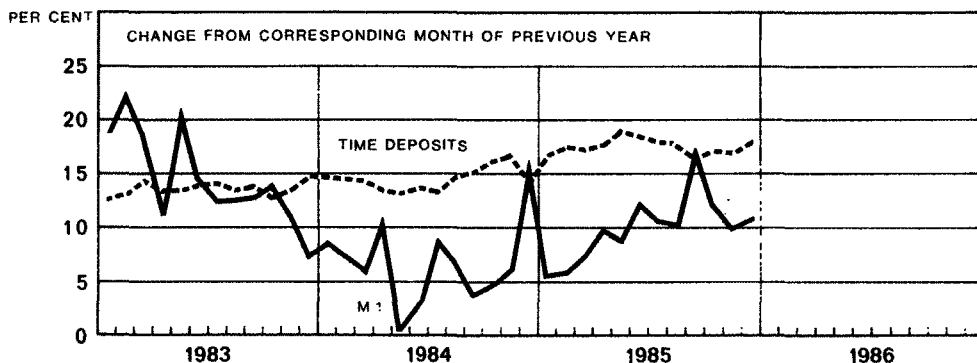
End of year and month	Demand deposits				Time deposits					Total (4 + 9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks (1 to 3)	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1981	5 791	2 879	2 952	11 622	26 094	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	8 665	85 054	99 132
1983	7 056	4 567	3 676	15 300	34 302	29 273	24 175	9 938	97 689	112 988
1984*	8 470	5 268	4 463	18 201	39 354	33 333	27 900	11 266	111 852	130 053

1984*

Nov.	7 532	4 315	3 876	15 723	38 240	32 459	27 193	10 815	108 706	124 430
Dec.	8 470	5 268	4 463	18 201	39 354	33 333	27 900	11 266	111 852	130 053

1985*

Jan.	7 742	4 442	4 655	16 839	40 372	34 040	28 637	11 762	114 811	131 650
Feb.	7 340	4 255	4 445	16 041	41 866	34 729	29 275	11 806	117 677	133 717
March	6 579	4 273	4 663	15 515	42 639	34 658	29 180	11 692	118 170	133 685
April	7 660	4 505	4 786	16 950	42 772	34 904	29 368	11 726	118 770	135 720
May	7 463	4 733	4 364	16 559	43 804	35 347	29 838	11 893	120 881	137 440
June	7 621	4 755	5 168	17 544	44 443	36 047	30 500	11 768	122 758	140 302
July	7 927	4 874	5 283	18 084	44 294	36 219	30 455	11 799	122 767	140 851
Aug.	7 222	4 917	5 731	17 871	44 796	36 551	30 741	12 083	124 171	142 041
Sept.	8 081	5 072	6 243	19 397	44 770	36 469	30 658	11 973	123 870	143 267
Oct.	8 281	5 194	5 547	19 022	45 896	36 825	30 892	12 366	125 979	145 001
Nov.	7 654	5 038	5 057	17 749	46 887	37 016	31 155	12 220	127 278	145 027



ADVANCES TO THE PUBLIC – MONEY SUPPLY

Mill. FIM

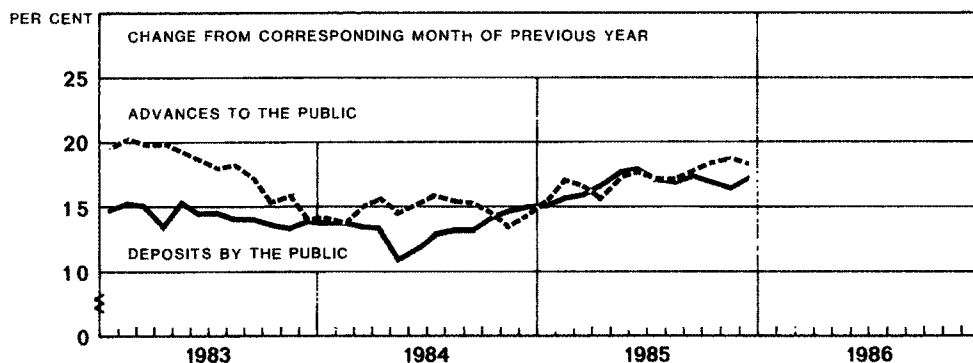
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi-Money
	1	2	3	4	5	6	7		8	9
1981	40 461	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	17 253	126 231	21 427	121 906
1984*	65 965	32 705	31 164	14 687	118 924	5 233	20 363	144 520	24 945	141 658

1984*

Nov.	64 911	32 478	30 810	14 688	117 444	5 697	19 746	142 887	22 426	135 800
Dec.	65 965	32 705	31 164	14 687	118 924	5 233	20 363	144 520	24 945	141 658

1985*

Jan.	68 756	33 087	31 445	15 369	120 263	6 014	22 380	148 658	23 357	143 069
Feb.	71 757	33 384	31 707	15 328	121 848	6 099	24 228	152 175	22 617	145 403
March	72 453	33 564	31 988	15 565	123 188	6 305	24 077	153 570	22 152	145 638
April	73 567	33 860	32 184	15 484	124 351	6 320	24 425	155 095	23 595	147 783
May	75 015	34 172	32 621	15 883	126 022	6 365	25 304	157 691	23 423	149 700
June	77 246	34 390	32 983	15 959	127 596	6 279	26 703	160 579	24 750	153 455
July	77 104	34 848	33 378	16 074	128 886	6 242	26 275	161 403	24 902	154 118
Aug.	77 677	35 276	33 824	16 082	130 846	6 333	25 680	162 859	24 783	155 013
Sept.	79 367	35 764	34 411	16 376	133 113	6 637	26 167	165 917	26 092	156 195
Oct.	80 304	36 141	34 826	16 442	134 924	6 333	26 456	167 712	25 607	158 054
Nov.	81 573	36 467	35 216	16 727	136 739	6 373	26 872	169 984	24 691	157 772



STATE FINANCES

Mill. FIM

Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1984	1985		1984	1985
Income and wealth tax (net)	21 207	24 149	Wages, salaries, pensions etc.	12 070	13 228
Gross receipts	52 640	59 671	Repair and maintenance	1 501	1 682
Refunds & local authorities	-31 434	-35 522	Other consumption expenditure	6 621	7 734
Other taxes on income and wealth	567	552	Total consumption expenditure	20 192	22 644
Employers' child allowance payments	223	669	State aid to local authorities	16 728	19 262
Sales tax	19 736	22 419	State aid to industries	8 483	8 797
Customs duties and import charges and levies	1 568	1 492	of which: agric. price subsidies	3 934	4 598
Excise duties	9 968	10 587	Child allowances	2 340	2 473
Excise duty on alcoholic bevs.	3 669	3 804	Share in national pensions and sickness insurance schemes	2 138	2 041
Excise duty on tobacco	1 479	1 523	Deficit of State enterprises	1 105	1 084
Excise duty on liquid fuel	3 495	3 628	Other transfer expenditure	9 928	11 278
Other excise duties	1 325	1 633	Total transfer expenditure	40 722	44 936
Tax on autom. and motor-cycles	2 407	2 589	Machinery and equipment	1 643	1 826
Stamp duties	2 059	2 422	Construction of buildings	1 164	1 018
Special diesel etc. vehicles tax	317	351	Land and waterway construction	2 117	2 173
Other taxes and similar revenue	1 900	1 934	Total real investment	4 923	5 018
Total taxes	59 951	67 166	Interest on State debt	3 654	4 364
Miscellaneous revenue	4 909	5 247	Other expenditure	18	26
Interest, dividends etc.	1 499	1 981	Total other expenditure	3 672	4 390
Surplus of state enterprises	1 808	1 925	Increase in inventories	-50	161
Redemptions of loans granted	1 377	1 541	Lending	3 766	3 793
Total revenue	69 544	77 859	Other financial investment	639	790
Foreign borrowing	4 633	3 374	Total expenditure	73 864	81 732
Domestic borrowing	5 297	7 000	Redemption of foreign loans	1 840	1 334
Total borrowing	9 930	10 374	Redemption of domestic loans	3 609	5 059
Deficit (+) or surplus (-)	-160	-107	Total redemptions	5 449	6 393
Total	79 314	88 125	Total	79 314	88 125

State debt	1983	1984	1985			
	Dec.	Dec.	Sept.	Oct.	Nov.	Dec.
Foreign debt	21 723	24 946	25 787	26 205	26 027	25 677
Long-term debt	16 383	19 057	20 196	20 603	20 902	20 872
Short-term credit	18	266	314	314	314	432
Domestic debt	16 401	19 323	20 510	20 917	21 216	21 304
Total State debt	38 124	44 269	46 297	47 122	47 243	46 981
Total debt mill. \$	6 506	6 855	7 684	8 282	8 468	8 562

FOREIGN TRADE

Mill. FIM

Value, mill. FIM

Period	Value, mill. FIM		Surplus of exports (+) or imports (-)
	Exports f.o.b	Imports c.i.f.	
	1	2	3
1981	60 308	61 269	-961
1982	63 026	64 751	-1 725
1983	69 692	71 528	-1 836
1984	80 904	74 682	+6 222
1985*	84 022	81 406	+2 616

1985*

Jan.	6 905	7 086	-181
Feb.	6 586	4 787	-1 799
March	6 616	6 945	-329
April	7 090	7 074	+16
May	8 569	7 153	+1 416
June	6 842	7 063	-221
July	7 107	6 734	+373
Aug.	6 659	5 788	+871
Sept.	6 901	7 020	-119
Oct.	7 467	8 155	-688
Nov.	6 727	6 636	+91
Dec.	6 552	6 965	-413

Jan.-Dec.

1984	80 904	74 682	+6 222
1985*	84 022	81 406	+2 616

Indices of exports and imports
1980 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	
1981	103	94	111	112	99
1982	100	95	119	117	101
1983	104	98	127	125	101
1984	114	98	134	131	102
1985*	115	104	138	135	102

1983

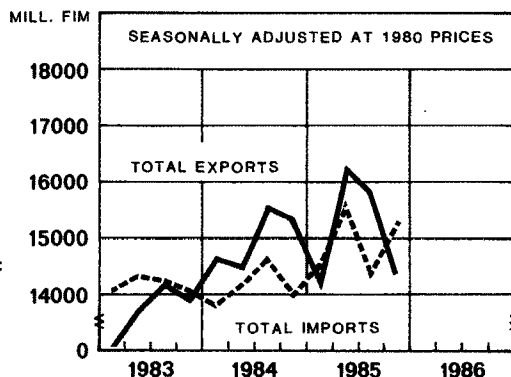
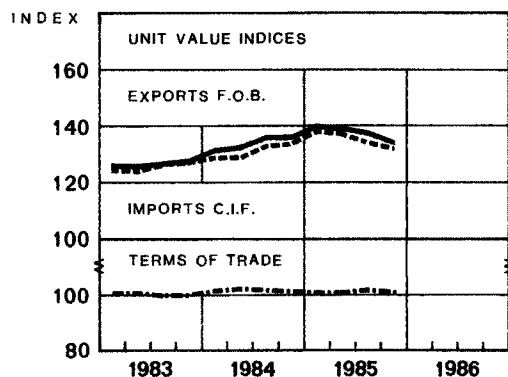
Oct.-Dec.	115	108	128	128	100
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1984

Jan.-March	114	90	132	129	102
Apr.-June	113	99	133	130	103
July-Sept.	108	99	137	133	102
Oct.-Dec.	121	101	137	134	102

1985*

Jan.-March	108	93	140	138	101
Apr.-June	121	106	139	137	101
July-Sept.	114	100	138	134	102
Oct.-Dec.	117	113	134	132	102



FOREIGN TRADE BY MAIN GROUPS

Mill. FIM

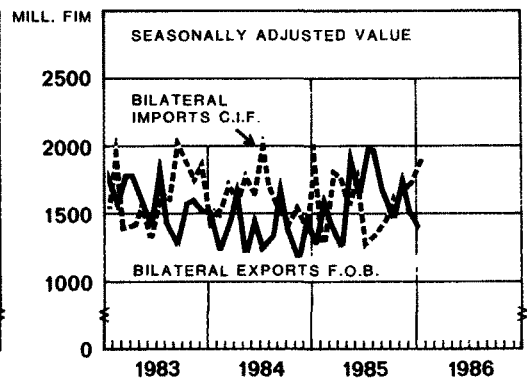
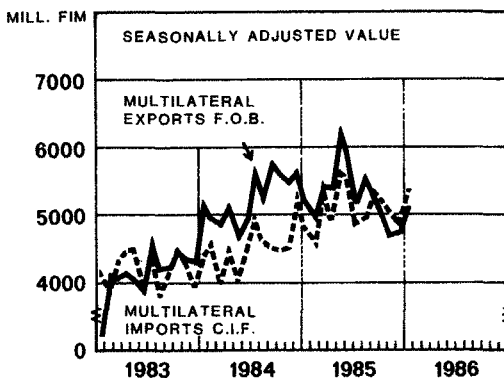
Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and intermediate goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1	2	3	4	5	6	7	8	9	10	
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	2 865	7 145	23 573	22 998	24 323	47 028	5 034	10 993	11 454	173
1985*	2 678	6 728	25 046	24 401	25 169	50 845	5 492	11 671	12 966	433

1985*

Jan.	282	622	2 050	1 834	2 117	4 740	274	878	1 013	181
Feb.	393	482	1 991	1 860	1 860	2 740	218	788	1 025	16
March	295	465	2 157	1 586	2 113	4 252	248	1 082	1 214	149
April	287	590	2 221	1 885	2 107	4 377	436	1 049	1 203	9
May	292	620	2 352	2 869	2 436	4 776	395	928	1 047	7
June	212	680	1 855	2 008	2 088	4 528	601	1 020	911	4
July	152	504	2 215	2 265	1 972	4 185	637	885	997	30
Aug.	142	507	2 251	1 830	1 929	3 435	491	833	1 020	9
Sept.	155	503	2 094	2 022	2 127	4 435	458	937	1 184	6
Oct.	185	629	2 165	1 963	2 526	4 987	742	1 169	1 251	5
Nov.	155	588	1 888	2 175	1 921	3 892	556	1 074	1 105	9
Dec.	128	538	1 807	2 104	1 974	4 498	436	1 027	996	8

Jan.—Dec.

1984	2 865	7 145	23 573	22 998	24 323	47 028	5 034	10 993	11 454	173
1985*	2 678	6 728	25 046	24 401	25 169	50 845	5 492	11 671	12 966	433



FOREIGN TRADE BY COUNTRIES

Mill. FIM

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—December				January—December			
	1984*		1985*		1984*		1985*	
	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM
OECD countries in Europe	57.9	46 868	57.1	47 950	54.5	40 720	56.0	45 601
Austria	0.7	593	0.7	597	1.1	838	1.2	961
Belgium and Luxembourg	1.5	1 194	1.5	1 267	1.9	1 445	2.0	1 632
Denmark	4.1	3 298	4.0	3 403	2.4	1 821	2.5	2 036
France	3.9	3 188	3.9	3 299	3.2	2 363	3.4	2 764
Federal Republic of Germany	9.6	7 758	9.3	7 781	13.9	10 386	14.9	12 165
Italy	2.1	1 716	2.0	1 688	3.1	2 348	3.4	2 755
Netherlands	3.5	2 866	3.3	2 781	2.7	2 047	2.9	2 400
Norway	4.5	3 663	4.2	3 513	2.1	1 557	2.4	1 956
Portugal	0.2	171	0.3	258	0.7	487	0.7	577
Spain	0.7	592	0.8	693	0.9	678	1.0	812
Sweden	12.3	9 961	13.2	11 078	12.3	9 194	11.8	9 618
Switzerland	1.2	1 006	1.5	1 267	1.6	1 230	1.7	1 364
United Kingdom	12.0	9 738	10.8	9 078	7.7	5 758	7.2	5 848
Other	1.4	1 124	1.5	1 247	0.8	568	0.9	713
OECD countries outside Europe	11.4	9 262	10.1	8 471	11.6	8 651	11.8	9 590
Canada	0.8	687	1.2	998	0.7	533	0.7	567
Japan	1.3	1 036	1.5	1 224	5.6	4 166	5.3	4 309
United States	8.2	6 615	6.3	5 308	5.0	3 734	5.4	4 400
Other	1.1	924	1.1	941	0.3	218	0.4	314
CMEA countries	20.8	16 805	23.4	19 676	26.2	19 557	24.0	19 566
Czechoslovakia	0.4	306	0.3	276	0.4	327	0.5	369
German Democratic Republic	0.5	374	0.5	389	0.5	404	0.5	406
Poland	0.3	231	0.4	333	1.6	1 159	1.5	1 209
Soviet Union	19.0	15 397	21.5	18 085	23.1	17 274	21.0	17 100
Other	0.6	497	0.7	593	0.5	393	0.6	482
Latin America	1.0	769	1.7	1 413	2.6	1 932	2.3	1 842
Argentina	0.1	79	0.1	66	0.2	134	0.1	111
Brazil	0.2	132	0.2	146	0.9	668	0.7	602
Colombia	0.1	106	0.1	119	0.6	446	0.6	474
Other	0.6	452	1.3	1 082	0.9	684	0.8	655
Other	8.9	7 200	7.8	6 512	5.1	3 822	5.9	4 807
GRAND TOTAL	100.0	80 904	100.0	84 022	100.0	74 682	100.0	81 406
of which								
EFTA countries	19.2	15 502	20.0	16 838	18.0	13 410	17.9	14 604
EEC countries	37.9	30 664	35.9	30 134	35.6	26 571	37.0	30 115
OECD countries	69.4	56 130	67.1	56 421	66.1	49 371	67.8	55 191

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
1982	62 867	65 147	-2 280	+2 856	-277	+1 732	+2 031	-5 447	-643	+161	-3 898
1983	69 368	72 139	-2 771	+3 200	-748	+1 610	+1 291	-5 817	-797	+96	-5 227
1984*	80 608	75 099	+5 508	+3 909	-1 212	-393	+7 812	-6 781	-1 037	-244	-250
1985*	83 900	81 900	+2 000	+3 800	-1 600	-500	+3 700	-6 200	-1 150	-350	-4 000

1983

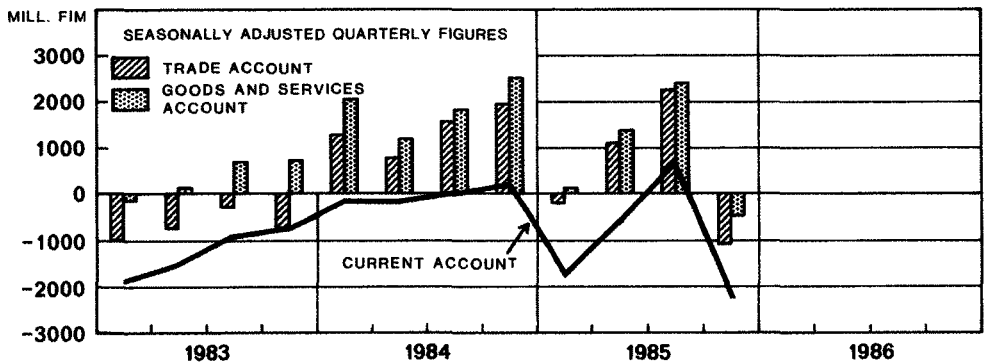
Jan.-March	16 740	16 469	+271	+744	-292	+142	+865	-1 557	-243	+5	-930
Apr.-June	17 098	17 538	-440	+753	-229	+288	+372	-1 492	-176	-42	-1 254
July-Sept.	16 180	17 970	-1 790	+888	+45	+487	-370	-1 463	-174	+53	-1 954
Oct.-Dec.	19 350	20 162	-812	+815	-272	+693	+424	-1 305	-204	-4	-1 089

1984*

Jan.-March	19 678	17 067	+2 612	+967	-370	-61	+3 148	-2 010	-272	-72	+794
Apr.-June	19 700	18 845	+855	+985	-326	-181	+1 332	-1 219	-190	-45	-121
July-Sept.	19 395	19 324	+71	+1 105	-123	-104	+949	-1 593	-267	-52	-963
Oct.-Dec.	21 834	19 863	+1 971	+853	-393	-47	+2 384	-1 959	-309	-76	+40

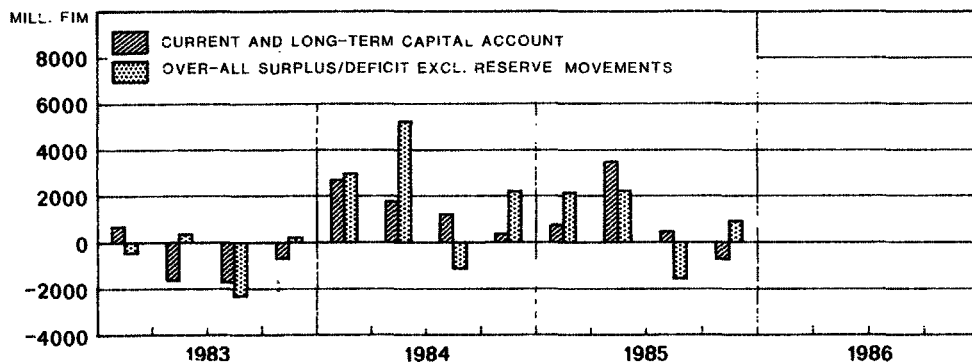
1985*

Jan.-March	20 064	18 942	+1 123	+889	-490	-254	+1 268	-1 585	-349	-131	-798
Apr.-June	22 479	21 411	+1 068	+970	-444	-187	+1 406	-1 707	-289	-56	-646
July-Sept.	20 645	19 654	+991	+994	-247	-26	+1 712	-1 408	-222	-63	+19
Oct.-Dec.	20 712	21 893	-1 181	+948	-419	-34	-687	-1 500	-289	-100	-2 576



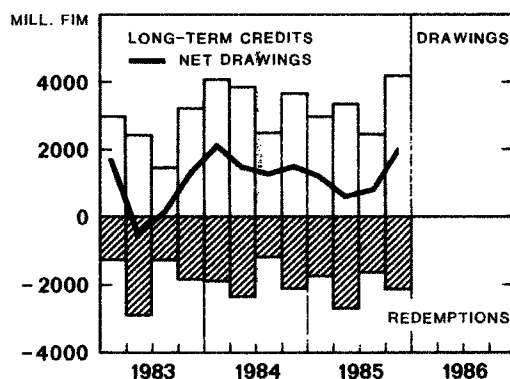
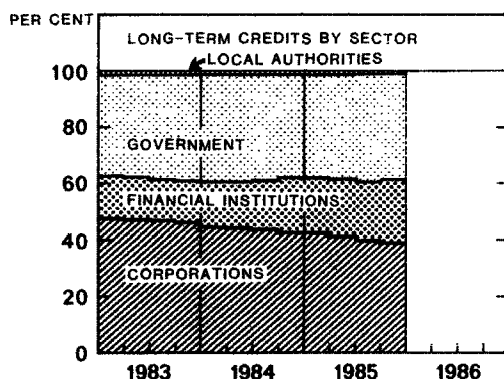
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net	Long-term capital account (12 to 15)	Current and long-term capital account (11 + 16)	Prepayments and liabilities related to imports	Prepayments and receivables related 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
-10 213	-4 721	-1 239	-3 642	+611	-3 287	-914	+771	+1 493	+1 811	-126	+126
-10 112	-7 273	+423	-1 388	+1 874	-3 353	+3 273	-3 380	-1 266	+32	-2 162	+2 162
+14 087	-7 538	-1 682	+1 428	+6 295	+6 045	+695	+3 308	+2 086	-2 859	+9 275	-9 275
-13 009	-8 179	+1 354	-1 813	+7 997	+3 997	+2 000	-7 053	+4 800	0	-3 744	-3 744
+2 985	-1 271	+100	-182	+1 632	+702	-115	+654	-1 220	-503	-482	+482
+2 435	-2 895	+273	-204	-391	-1 645	-1 261	-343	+699	+425	+397	-397
+1 479	-1 269	+142	-129	+223	-1 731	+1 197	-1 662	-593	+476	-2 313	+2 313
+3 213	-1 838	-92	-873	+410	-679	+930	-2 029	+2 380	-366	+236	-236
-4 075	-1 887	-235	-47	-1 906	-2 700	-1 002	-1 135	+2 443	-2 290	+2 986	-2 986
-3 858	-2 351	+89	+276	+1 872	+1 751	+1 087	+161	-2 531	-308	+5 222	-5 222
+2 495	-1 185	-603	+1 475	+2 182	+1 219	+332	+6	-2 186	-511	-1 140	+1 140
+3 659	-2 115	-933	-276	-335	+375	+278	+2 005	-702	+251	+2 208	-2 208
-2 977	-1 738	+336	-49	+1 526	+728	+533	-1 027	+1 924	-6	-2 153	-2 153
+3 355	-2 709	+369	+3 111	+4 126	-3 480	+862	-1 693	+1 582	-2 003	-2 228	-2 228
+2 460	-1 621	-263	-627	+475	+494	-56	-965	-1 540	+501	-1 566	+1 566
+4 217	-2 111	+386	-622	+1 870	-706	+661	-3 368	+2 835	+1 509	+930	-930

Assets: increase - decrease +. Liabilities: increase +, decrease -
 1 including allocations of special drawing rights totalling FIM 13 million

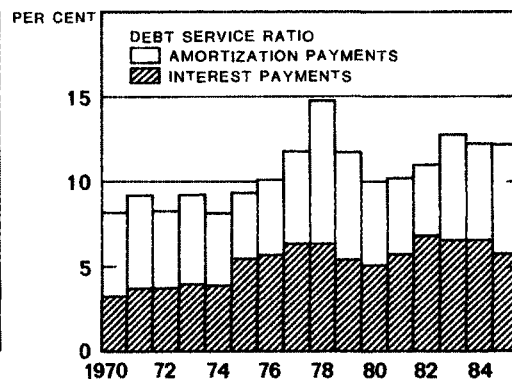
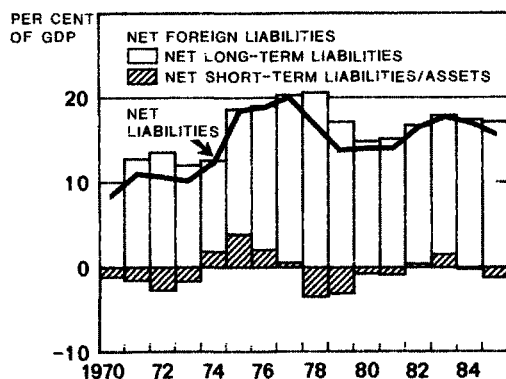


FINLAND'S FOREIGN ASSETS AND LIABILITIES

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
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*	8 920	8 689	1 915	19 524	63 958	3 865	2 646	2 013	805	73 287	53 763
1985*	6 566	10 553	2 787	19 906	64 598	2 927	3 010	6 277	1 065	77 877	57 971
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.	8 920	8 689	1 915	19 524	63 958	3 865	2 646	2 013	805	73 287	53 763
1985*											
March	8 504	9 408	2 071	19 983	64 798	3 616	2 631	2 900	778	74 723	54 740
June	8 034	9 824	2 195	20 053	65 273	3 350	2 763	6 317	873	78 576	58 523
Sept.	7 200	10 290	2 179	19 669	64 060	3 080	2 809	6 210	867	77 026	57 357
Dec.	6 566	10 553	2 787	19 906	64 598	2 927	3 010	6 277	1 065	77 877	57 971



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
12 737	22 999	13 858	49 494	5 346	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	16 180	61 328	4 308	49 116	11 591	5 621
22 912	43 319	12 491	78 722	4 562	55 695	17 922	78 179	-543	53 220	12 878	5 896
25 183	43 990	16 854	86 027	4 070	60 506	16 980	81 556	-4 471	53 500	13 293	6 951
12 365	22 166	14 580	49 111	4 637	29 530	15 112	49 279	168	42 391	2 535	942
12 905	23 008	14 878	50 791	4 705	31 137	16 563	52 405	1 614	43 703	3 788	2 243
10 556	23 605	15 681	49 842	4 737	31 289	16 805	52 831	2 989	45 623	2 542	1 049
11 842	29 263	15 915	57 020	5 705	39 443	16 180	61 328	4 308	49 116	2 726	1 387
14 740	25 724	15 522	55 986	3 657	37 966	15 617	57 240	1 254	46 681	3 523	1 452
20 705	31 935	15 083	67 723	3 775	47 084	16 884	67 743	20	48 425	3 260	1 987
21 064	34 621	14 700	70 385	4 815	47 882	17 388	70 085	-300	51 909	2 448	821
22 912	43 319	12 491	78 722	4 562	55 695	17 922	78 179	-543	53 220	3 647	1 636
24 785	44 984	13 492	83 261	4 535	59 101	18 298	81 935	-1 327	53 413	3 301	1 688
26 208	46 661	14 605	87 473	3 729	62 282	18 558	84 570	-2 904	55 619	3 894	2 110
24 770	44 927	14 477	84 174	4 240	58 729	17 207	80 176	-3 999	53 358	2 976	1 542
25 183	43 990	16 854	86 027	4 070	60 506	16 980	81 556	-4 471	53 500	3 122	1 611



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
1984	1 261	134.5	136.0	130.0	132.6	137.5	135.8	136.5	133.7	136.1
1985	1 324	140.5	143.1	132.8	137.5	145.8	142.4	144.3	144.4	142.8
1985										
June	1 332	141.3	143.9	133.4	138.6	146.0	142.9	144.6	145.6	142.7
July	1 330	141.1	144.2	131.4	137.7	146.9	143.2	144.9	145.8	143.1
Aug.	1 324	140.2	143.7	129.4	136.1	146.8	143.5	145.6	146.0	144.0
Sept.	1 326	140.8	143.6	132.3	137.0	146.7	143.9	145.8	146.2	144.2
Oct.	1 319	140.0	143.3	129.8	135.4	146.7	144.2	145.9	146.4	144.3
Nov.	1 314	139.5	143.1	128.7	134.5	146.8	144.6	146.1	146.0	144.7
Dec.	1 316	139.5	143.1	128.7	134.3	147.2	144.6	146.4	146.2	145.0
1986										
Jan.	1 312	139.0	143.2	126.2	133.2	147.4	144.9	148.4	150.8	146.1

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
	1	2	3	4	5	6	7	8	9	10
1984	127.1	129.1	132.5	119.5	124.5	123.0	145.2	125.4	126.4	130.8
1985	134.6	139.1	140.3	126.1	130.9	129.7	155.7	130.3	132.5	140.4
1985										
June	135.3	141.1	139.7	126.4	132.6	129.4	154.4	130.8	132.0	140.3
July	135.4	141.3	139.7	125.2	132.6	129.6	154.4	131.1	132.2	140.4
Aug.	135.6	141.4	139.7	126.4	132.6	130.4	157.1	129.8	133.1	141.7
Sept.	135.8	140.0	141.4	128.0	132.8	131.1	157.2	130.1	134.0	142.1
Oct.	136.0	140.0	141.4	129.7	132.9	131.8	158.3	129.7	134.4	142.2
Nov.	136.1	140.0	141.4	130.2	133.0	132.0	159.0	129.4	134.9	142.7
Dec.	136.2	139.8	141.4	130.3	133.0	132.1	159.0	130.1	135.0	142.8
1986										
Jan.	137.2	141.4	144.7	126.6	133.2	132.6	162.5	130.1	136.0	146.1

WAGES

Index of wage and salary earnings 1980 = 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	
1983	132.1	137.3	138.2	138.8	137.3	140.0	137.3	138.4	136.9	137.8
1984*	148.5	149.9	152.8	152.8	147.1	154.7	150.5	151.4	149.7	150.8
1985*	160.6	161.5	167.8	164.6	158.0	166.1	163.1	163.6	161.9	163.0
1984*										
Oct.-Dec.	154.6	152.7	158.0	155.2	149.2	156.5	154.2	154.3	153.4	154.0
1985*										
Jan.-March	150.6	157.0	164.3	160.3	154.2	162.5	157.4	158.3	157.2	157.9
Apr.-June	163.2	163.0	168.6	165.7	159.2	167.0	164.5	164.7	163.5	164.3
July-Sept.	161.9	162.2	168.3	165.9	159.1	167.3	164.3	165.0	162.6	164.1
Oct.-Dec.	166.6	163.7	170.1	166.5	159.4	167.6	166.3	166.2	164.5	165.6

PRODUCTION

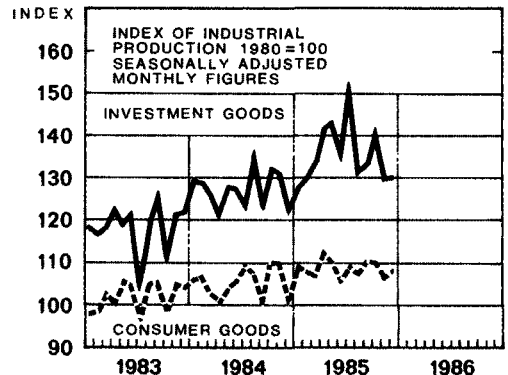
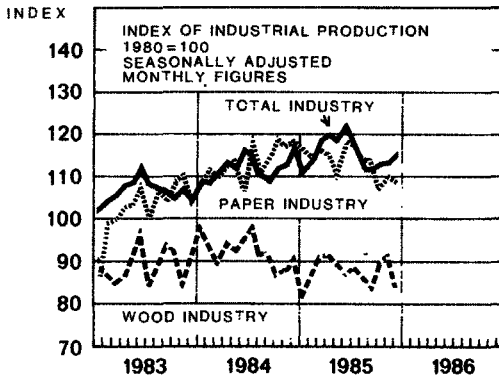
Volume indices of production 1980 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1983										
July-Sept.	108	99	206	41	119	103	108	105	112	113
Oct.-Dec.	117	116	88	101	148	104	121	117	114	121
1984*										
Jan.-March	104	110	76	89	82	93	103	98	114	113
Apr.-June	109	114	84	90	84	104	109	108	114	121
July-Sept.	110	102	203	45	114	104	107	110	115	119
Oct.-Dec.	121	123	96	118	141	106	121	119	117	127
1985*										
Jan.-March	108	111	78	101	82	89	107	101	117	117
Apr.-June	114	120	84	107	86	105	112	111	117	127
July-Sept.	113	106	200	37	111	105	112	114	118	125

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
1983	107.1	118.9	102.6	107.1	108.9	89.9	103.5	106.2	115.0	114.5	107.1
1984*	112.4	127.8	106.0	112.5	110.1	92.4	114.3	110.8	109.2	121.6	112.7
1985*	115.8	136.2	108.9	114.9	109.4	87.8	113.9	115.0	112.9	130.1	116.1
1984*											
Dec.	104.8	120.7	98.5	104.8	104.3	65.4	110.8	103.5	94.7	116.6	117.9
1985*											
Jan.	118.9	131.9	115.6	117.3	103.3	78.7	119.0	109.7	109.2	130.0	111.8
Feb.	110.4	127.4	105.8	108.5	89.9	77.1	110.3	109.6	88.2	121.8	114.3
March	122.4	146.8	113.3	121.1	105.5	98.0	123.3	125.7	113.1	138.2	118.9
April	120.1	147.6	112.0	119.1	106.7	107.6	105.4	129.8	103.9	138.8	120.3
May	128.7	172.5	117.4	125.3	114.1	115.9	108.2	126.8	125.3	160.3	119.2
June	115.2	153.2	103.2	114.0	102.8	93.7	106.7	108.2	115.5	138.0	122.8
July	80.9	67.5	72.0	87.9	102.5	40.2	127.5	76.7	71.6	67.8	118.5
Aug.	115.1	127.6	108.7	115.8	112.5	81.9	119.7	121.1	132.3	123.4	112.3
Sept.	118.2	133.6	111.8	117.9	107.8	94.5	112.9	121.7	137.1	132.2	112.1
Oct.	129.4	156.4	124.8	126.6	136.6	108.1	113.0	126.2	138.6	150.4	113.5
Nov.	123.1	142.9	120.0	120.7	128.0	95.4	117.7	116.0	121.1	139.0	113.8
Dec.	106.8	126.8	102.5	105.1	103.0	62.0	103.6	108.3	99.1	121.4	115.8



LABOUR – TIMBER FELLINGS – INTERNAL TRADE

Period	Population of working age, '000 persons	Total labour force, '000 persons	Employed, '000 persons	Un-employed, '000 persons	Unemployment, % of total labour force	Commercial timber fellings, '000 solid cu. m	Retail sales volume index 1980 = 100	Wholesale volume index 1980 = 100
	1	2	3	4	5	6	7	8
1984*	3 700	2 572	2 414	159	6.2	41 288	109	109
1985*	3 710	2 600	2 437	163	6.3	43 483
1984*								
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	130	113
1985*								
Jan.	3 706	2 531	2 360	171	6.8	4 241	102	99
Feb.	3 707	2 534	2 363	171	6.7	4 581	98	96
March	3 706	2 528	2 355	173	6.8	6 031	108	109
April	3 707	2 565	2 394	171	6.6	5 882	110	111
May	3 709	2 611	2 461	150	5.7	4 598	121	115
June	3 708	2 761	2 594	167	6.1	2 407	115	102
July	3 708	2 780	2 621	159	5.7	1 121	120	95
Aug.	3 712	2 631	2 481	150	5.7	1 212	117	108
Sept.	3 714	2 563	2 405	158	6.2	1 951	111	113
Oct.	3 714	2 556	2 396	160	6.3	2 962	118	124
Nov.	3 714	2 580	2 409	171	6.6	3 768	116	117
Dec.	3 714	2 563	2 406	157	6.1	4 729

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	51.77	19.67	6.43	18.33	3.64	47.37	18.43	5.91	16.32	3.53	51.44
1984*	49.68	19.93	5.65	17.44	3.13	44.24	17.65	5.13	15.75	2.83	52.13
1984*											
Apr.–June	17.32	7.77	2.44	5.01	0.77	10.79	4.26	0.75	4.63	0.58	51.59
July–Sept.	12.91	4.85	1.28	4.68	1.03	9.70	3.66	1.67	2.74	0.90	55.86
Oct.–Dec.	10.28	3.44	0.81	4.65	0.72	14.40	5.84	1.96	5.00	0.65	52.13
1985*											
Jan.–March	9.15	3.44	1.09	3.17	0.86	8.46	3.77	0.54	2.87	0.73	48.36
Apr.–June	17.09	7.24	3.08	4.80	0.75	9.82	3.96	0.70	3.39	1.02	52.99
July–Sept.	11.82	4.37	1.60	4.00	0.93	9.27	3.51	1.63	2.78	0.71	56.74

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.

Owing to rounding, the figures in statistical tables do not necessarily add up to the totals shown.

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 (1984): 4.9 million. Sweden 8.3, Switzerland 6.5, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1984): In South Finland 47.7, in East and Central Finland 14.3, in North Finland 4.2 and in the whole country an average of 16.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1984): 40 % of the population inhabit the rural areas, 60 % towns. The largest towns are: Helsinki (Helsingfors), the capital, 484 263 inhabitants, Tampere (Tammerfors) 168 150, Turku (Åbo) 162 282.

EMPLOYMENT (1985): Agriculture and forestry 11 %, industry and construction 32 %, commerce 15 %, transport and communication 8 %, financing, insurance, real estate and business services 6 %, community and personal services 28 %.

LANGUAGE (1984): Finnish speaking 93.6 %, Swedish speaking 6.1 %, others 0.3 %.

EDUCATION (1986): 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 (1984): births 13.3 ‰, deaths 9.2 ‰, change + 5.0 ‰, net immigration + 0.8 ‰. Deaths in France 9.8 ‰ and Great Britain 11.4 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1984), in million FIM: Gross domestic product at factor cost by industrial origin: agriculture and fishing 12 849 (5 %), forestry 10 004 (4 %), manufacturing 82 263 (30 %), construction 21 786 (8 %), trade, restaurants and hotels 30 337 (11 %), transport and communication 21 419 (8 %), banking and insurance 11 676 (4 %), ownership of dwellings 7 688 (6 %), other services 65 583 (24 %), total 273 605. Index of real domestic product: 111 (1980 = 100).

FOREST RESOURCES (1983). The growing stock comprised of 1 666 million m³ (*solida volume with bark*); of which 45 % was pine and 37 % spruce the remaining 18 % being broad-leaved trees chiefly birch. Of the growing stock 656 million m³ was up to the standard required for logs, 51 % of these being pine. The annual growth was 68 million m³ and the total drain calculated on the basis of roundwood consumption was 49.4 million m³.

AGRICULTURE (1983). Cultivated land 2.4 million hectares. Number of holdings 208 229 of which 146 466 are of more than 5 ha. Measure of self-sufficiency in bread cereals 93 %.

INDUSTRY (1983). Gross value of industrial production FIM 222 602 mill., number of workers 398 066, salaried employees 146 503, motive power 8.3 mill. kW. Index of industrial production 107 (1983; 1980 = 100).

STATE RAILWAYS (Dec. 31, 1985): Length 5 979 km.

MERCHANT FLEET (Dec. 31, 1985): Passenger vessels 161 (246 112 gross reg. tons), tankers 36 (784 471 gross reg. tons), dry cargo vessels 139 (597 967 gross reg. tons), other vessels 103 (2 137 gross reg. tons), total 439 (1 649 687 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1984): Passenger cars 1 473 975, lorries and vans 73 784, buses 9 069, others 11 159, total 1 667 987.

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 19.8, DEM 19.0, GBP 15.1, USD 9.9, other currencies 36.20. 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 (March 1, 1986). The Bank of Finland's base rate is 8 %. The interest rates for domestic lending other than bank financing by the Bank of Finland vary between 5 ½ % and 10 ½ %. Other credit institutions: time deposits 3 ½ %, 6 month deposits 5 %, 12 month deposits 6 ½ %, 24 month deposits 7 ½ % and sight deposits ¾ %.

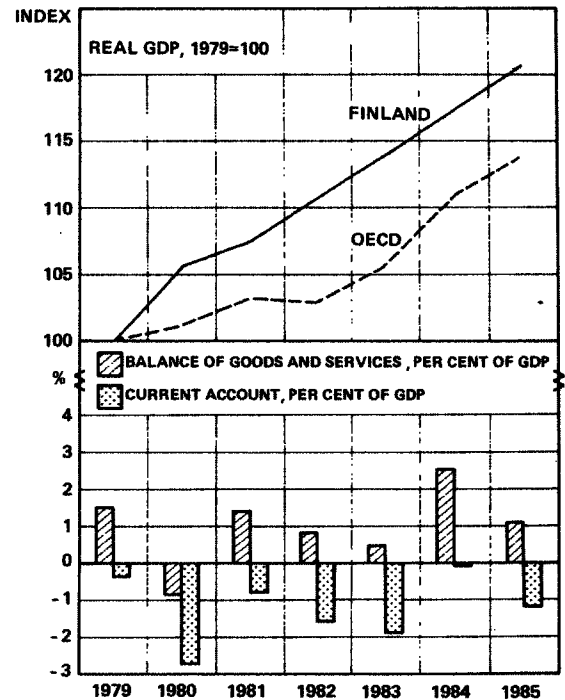
THE BALANCE OF PAYMENTS AND FOREIGN EXCHANGE POLICY IN 1985

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and Eero Vuohula, M.Pol.Sc.
Bank of Finland

Finland's external balance remained fairly stable throughout the first half of the 1980s in spite of a higher relative level of activity compared with abroad (Chart 1). Towards the end of 1985, however, the current account began to deteriorate, although for the year as a whole it posted a deficit of only some 1 per cent of GDP, after having been practically in balance the previous year. The main factors behind the slight weakening of the external balance were a small decline in the volume of exports to western markets and a fall in net earnings from the trade in services. Furthermore, steady growth of domestic demand, together with a shift in the pattern of demand towards goods with a higher import-intensity, led to an increase in the volume of imports. The slight increase in foreign indebtedness caused by the current account deficit was nevertheless offset by a decrease in the markka-value of the debt due to the fall in the US dollar. Consequently, the level of Finland's outstanding net foreign debt remained broadly unchanged, and in relation to GDP even showed a further decline.

Developments in the capital account were influenced by falling interest rates abroad, a diminishing interest rate differential in favour of the Finnish markka and the stable exchange rate policy pursued by the Bank of Finland. Overall, there was a decline in net capital imports as compared with the previous year. The share of net long-term capital inflows increased markedly, whereas short-term capital movements registered a small net outflow. The Bank of Finland reduced its intervention in the forward exchange market in the course of the year. The official foreign exchange reserves grew modestly in 1985, but the Bank of Finland's outstanding forward purchase commitments fell.

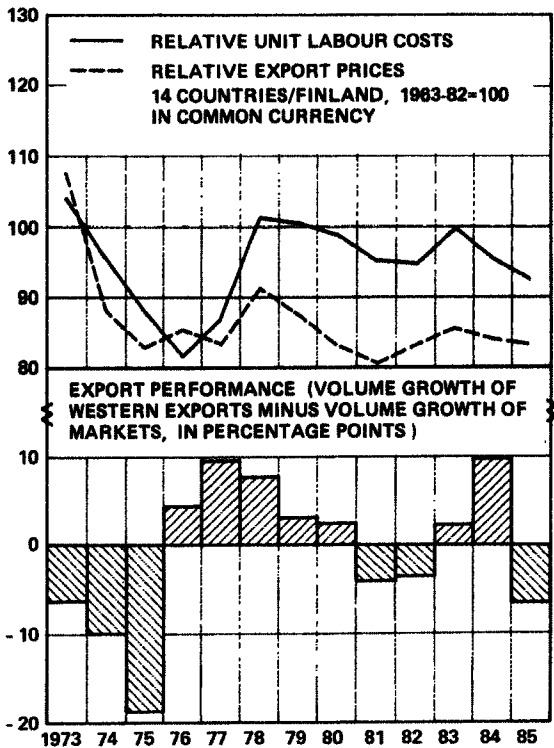
CHART 1. REAL GDP AND EXTERNAL BALANCE



MERCHANDISE TRADE

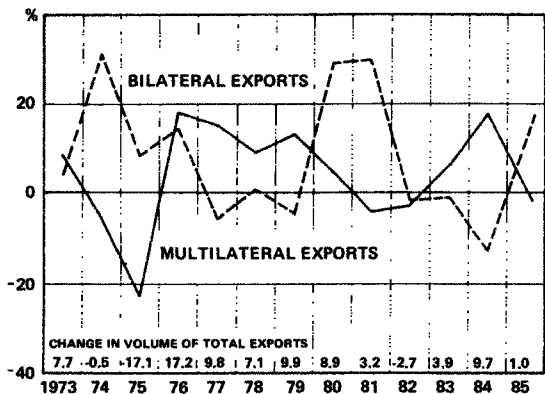
The growth of Finland's western export markets decelerated slightly in 1985 to about 5 per cent. However, there was a sharp weakening in demand for forest products, which is still one of the main categories of Finnish exports. Having grown vigorously the year before, Finnish exports to western markets decreased by 2 per cent in 1985. Part of the slowdown was to be expected given the exceptionally high level of deliveries of ships and oil products in 1984. Measured in terms of relative unit labour costs and relative export prices, competitiveness continued to decline last year, but its effect on export performance in western markets was clearly outweighed by structural changes in export demand (Chart 2).

CHART 2. COMPETITIVENESS AND EXPORT PERFORMANCE



In recent years, divergent movements in bilateral and multilateral exports have served to dampen fluctuations in the volume of total exports. This was also the case in 1985. Thus, while exports to western markets decreased, exports to the CMEA countries rose by 16 per cent, so that the volume of total exports registered an increase of 1 per cent (Chart 3).

CHART 3. MERCHANDISE EXPORTS, PERCENTAGE CHANGE IN VOLUME



Markets for forest industry products were greatly weakened by the slowdown in the growth rate of the US economy. In addition, the fall in the international value of the US dollar weakened the competitive position of Nordic exporters vis-à-vis North American producers. Furthermore, the world supply of pulp has increased strongly with the coming on stream of new capacity over the past couple of years. The weakened market situation, coupled with the falling dollar, led to a turndown in exports of forest industry products in the latter half of the year, but thanks to the buoyancy of bilateral exports the average annual growth still amounted to 3 per cent in 1985.

Exports of the metal and engineering industry, excluding shipbuilding, performed fairly well both in multilateral and bilateral markets. But, with a decrease of one third in exports of ships, the total volume of exports of this manufacturing sector grew by only some 3 per cent on average.

The fall in world commodity prices and the dollar exchange rate was also reflected in exports of basic metals. Nevertheless, moderate growth was still recorded for the year as a whole, in spite of a turndown in both volumes and prices towards the end of the year.

In other industries, export performance in western markets was less satisfactory. The lagged effects of the strengthening of the markka against the major European currencies in the previous two years, together with faster growth of labour costs, affected competitiveness particularly in the textile and clothing industry. Chemical industry exports to western markets decreased substantially. On the other hand, exports of other manufacturing industries to CMEA countries advanced strongly.

The volume of merchandise imports rose on average by 5 per cent in 1985. Imports of raw materials and intermediate goods were boosted by the relatively high level of domestic production, especially in the metal and engineering industry, as well as by increased stockbuilding. Favourable developments in

household incomes contributed to increased consumption of imported goods, notably textiles and cars.

Although energy consumption in relation to GDP declined further in 1985, energy imports grew because of an exceptionally cold winter and rebuilding of oil inventories after heavy destocking in 1984. Imports of machinery and equipment grew in step with corresponding investment activity, or by 6 per cent.

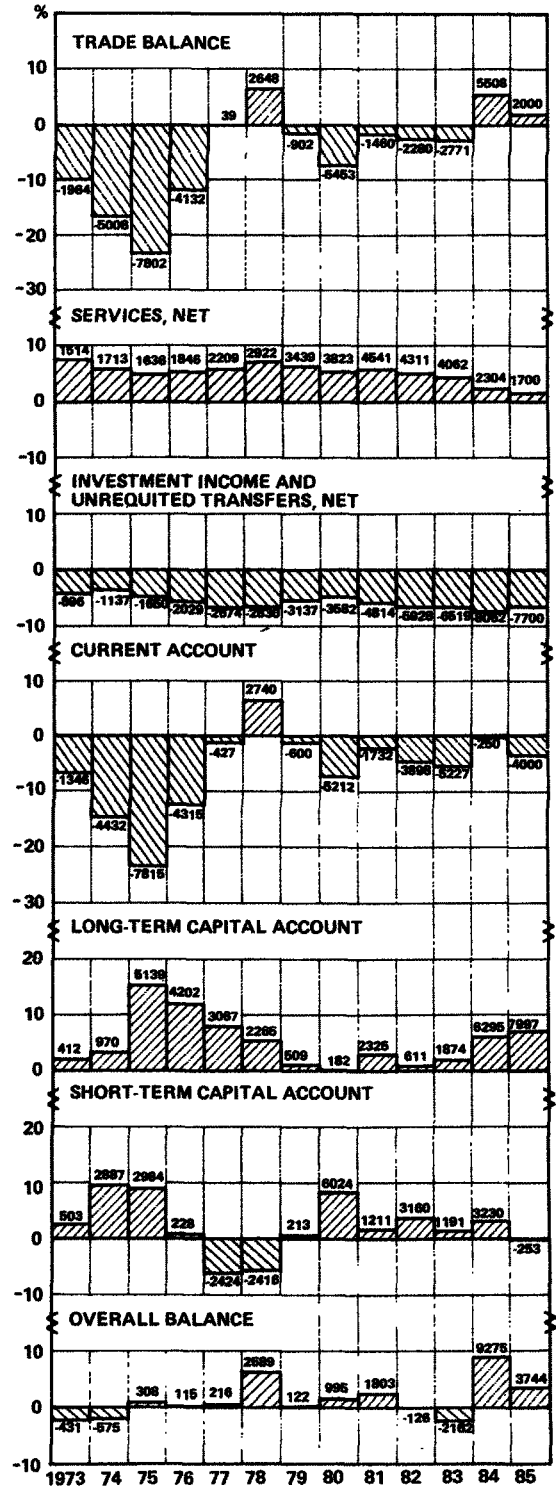
Developments in foreign trade prices to a large extent reflected exchange rate movements. Both export and import prices rose in the first quarter of the year, but subsequently turned down along with the fall in the dollar. For the year as a whole, both export and import prices rose by around 3 per cent. Thus, the terms of trade effect on the trade balance was negligible.¹

SERVICES AND THE CURRENT ACCOUNT

Traditionally, trade in services has contributed positively to the current balance. Over the past four years, however, this contribution has declined as the growth of expenditure on services has continually outstripped that of receipts. The favourable developments in household real incomes have increased travel abroad by Finns, while receipts from tourism in Finland have practically stagnated. International overcapacity in shipping has led to a reduction in Finland's merchant marine and a consequent decline in earnings from transportation. Hence, the traditional surplus on the transport account has narrowed somewhat. Net receipts from other services have swung into deficit as a result of a fall in receipts from consulting and engineering projects abroad.

There was little change in interest payments on Finland's external debt, with lower international interest rates and a weaker dollar offsetting the effect of the deficit on the current

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



¹ For developments in the regional distribution of Finland's foreign trade, see table on p. 15.

account. Total net interest payments declined slightly from the previous year and amounted to FIM 6.2 billion. The net deficit in unrequited transfers, consisting largely of development aid, amounted to FIM 1.5 billion, some FIM 0.5 billion higher than in 1984.

All in all, the current account moved into a fairly modest deficit of FIM 4 billion in 1985, having been practically in balance in 1984. Current transactions in tied currencies showed a surplus of FIM 2.4 billion, while current transactions in convertible currencies swung back into a deficit of FIM 6.4 billion.

**TABLE 1. BALANCE OF PAYMENTS,
MILLION FIM**

	1983	1984	1985 ¹
Commodity exports ²	69 368	80 607	83 900
Commodity imports ²	72 139	75 099	81 900
TRADE BALANCE	-2 771	5 508	2 000
Services, net	4 062	2 304	1 700
BALANCE ON GOODS AND SERVICES	1 291	7 812	3 700
Investment income and unrequited transfers	-6 518	-8 062	-7 700
CURRENT ACCOUNT	-5 227	-250	-4 000
Long-term capital, net	1 874	6 295	7 997
BASIC BALANCE	-3 353	6 045	3 997
Trade credits	-107	4 003	-5 053
Short-term capital of authorized banks	1 266	2 086	4 800
Other short-term capital	32	-2 859	-
OVERALL BALANCE	-2 162	9 275	3 744
Bank of Finland's foreign exchange reserves (increase -)	2 162	-9 275	-3 744

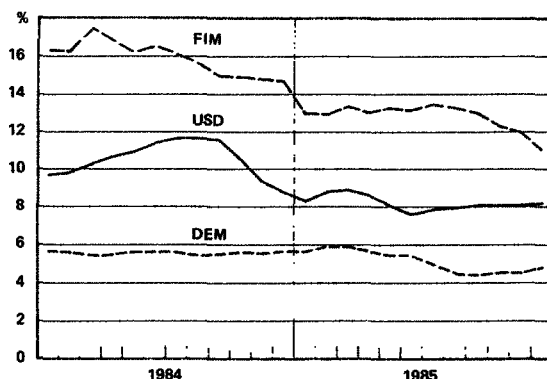
¹ Preliminary. For further details, see pages 16 and 17.

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

sizeable reduction in domestic interest rates during the year. This easing of monetary policy was accompanied by a reduction in forward market intervention by the Bank of Finland. As a result of these developments, there was a reduction in overall net capital inflows and a change in the structure of capital movements. Taken together, the Bank of Finland's outstanding forward purchase commitments and foreign exchange reserves declined from the high level attained in 1984.

Total net capital inflows, which had been substantial in 1984, decreased in 1985 mainly because of a narrowing in the interest rate differential in favour of the Finnish markka. The one-month rate on Euro-markkaa fell by some 4 percentage points to about 11 per cent during 1985, while the one-month rate on Eurodollars fell by less than 1/2 percentage point to 8 per cent and the rate on Euro-Deutschemark by less than 1 percentage point to 4 3/4 per cent (Chart 5).

**CHART 5. ONE-MONTH EUROCURRENCY RATES
(MONTHLY AVERAGES)**



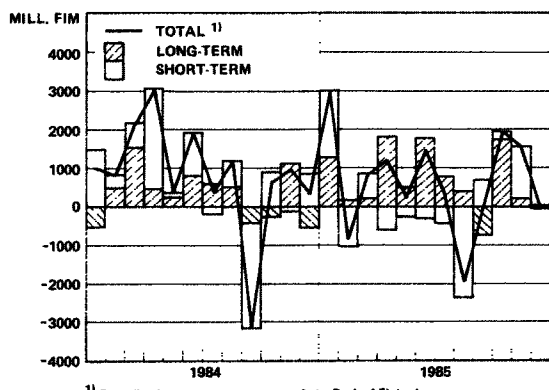
CAPITAL FLOWS AND RESERVE MOVEMENTS

Owing to the relatively favourable current account developments and the gradual easing of inflationary pressures, confidence in the external value of the markka remained good. Throughout 1985, the Bank of Finland continued its policy of keeping the external value of the markka stable as measured by the official currency index. The moderating rate of inflation also made possible a gradual but

There was a clear shift in the structure of capital flows in favour of long-term capital imports (Chart 6). Altogether, net long-term capital inflows increased from almost FIM 6.5 billion in 1984 to FIM 8 billion, as favourable market conditions encouraged the conversion of loans to take advantage of improved terms. As a result of the conversions and Finland's good creditworthiness, the average rate of interest on long-term foreign loans fell and the maturity structure remained long.

Furthermore, there were heavy sales of Finnish bonds abroad in the first half of the year. Consequently, net long-term foreign borrowing declined from FIM 6.5 billion in 1984 to some FIM 5 billion in 1985.

CHART 6. NET CAPITAL MOVEMENTS



The exceptionally brisk international demand for Finnish bonds in 1985 was due to the relatively high yields on markka-denominated instruments as well as the strong position of the markka. While foreign investors bought some FIM 1 billion worth of markka-denominated Finnish bonds in 1984, net sales accelerated to almost FIM 4.5 billion during the first half of 1985. Since, however, this rate of expansion threatened the efficiency of monetary control, the Bank of Finland decided in June to suspend bond sales abroad until further notice. Sales of Finnish shares abroad, which had increased rapidly in the previous year, were modest in 1985.

The rapid internationalization of Finnish business continued in 1985, with foreign direct investment by Finnish companies amounting to FIM 2 billion compared with FIM 2.5 billion in 1984. The net inward flow of direct investment to Finland rose modestly to FIM 0.4 billion from FIM 0.3 billion in the previous year.

The stock of outstanding long-term export credits granted by Finland declined by almost FIM 1.5 billion during 1985 to approximately

FIM 6.5 billion. This was partly due to reduced deliveries of ships and other heavy capital goods, but also to international efforts to reduce excessive export credits.

Net long-term capital imports by the central government fell from some FIM 2.5 billion in 1984 to about FIM 1.5 billion last year. This was attributable to a decline in the central government's net borrowing requirement and to the fact that the central government placed a somewhat larger proportion of its debt on the domestic market. Foreign borrowing was undertaken in the form of bond issues, including for the first time issues of floating-rate US dollar-denominated bonds and a dual-currency loan. At the end of 1985, the net foreign indebtedness of the central government amounted to 7.5 per cent of GDP, being of the same order of magnitude as in recent years.

The diminishing interest rate differential in Finland's favour affected mainly short-term capital movements. For the year as a whole, the short-term capital account showed a modest net outflow in contrast to a substantial inflow the previous year. Firms' net short-term foreign liabilities fell by some FIM 5 billion while those of banks increased by almost an equal amount. These contrasting developments were largely the result of the extension of the cash reserve requirement from the beginning of 1985 to cover firms' direct short-term borrowing abroad, which caused a switch to foreign borrowing through the banks.

Transactions in the forward exchange market declined in 1985. This was mainly due to the reduction in forward premia implied by the narrowing in interest rate differentials. In addition, the Bank of Finland issued new guidelines on forward market operations in order to clarify the rules concerning the commercial basis of forward transactions. This undoubtedly implied some reduction in the potential for forward transactions as compared with previous practice. The Bank of Finland continued to intervene in the forward market, but to a lesser extent than in 1984. As a result, banks resorted

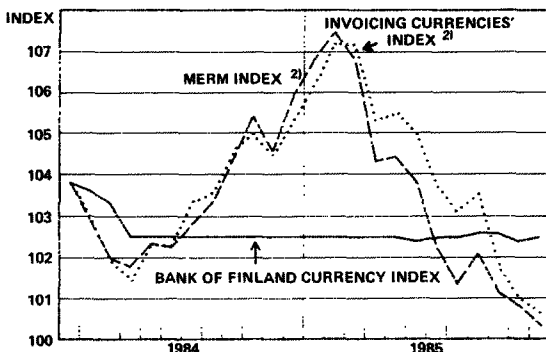
to short-term capital imports to cover their forward positions.

The convertible foreign exchange reserves of the Bank of Finland increased modestly by some FIM 4 billion in the course of 1985 to FIM 22.4 billion, which corresponded to approximately 12 weeks' import payments. By contrast, the Bank of Finland's outstanding forward commitments declined by FIM 11 billion to some FIM 9 billion. The tied currency position remained broadly unchanged, showing a net liability of FIM 0.3 billion at the end of the year.

FOREIGN EXCHANGE POLICY

Since early 1984, the external value of markka has remained very stable as measured by the official currency index based on the convertible currencies most important for Finland's foreign trade. There have been no changes in the formula for calculating the index number adopted at the beginning of 1984 when the rouble was excluded from the index and the fixed base year principle abandoned. Similarly, the fluctuation limits of the index have been kept unchanged. Expressed, however, in terms of an index based on invoicing currencies (as approximated by payments currencies) or the IMF's MERM index, in both of which the U.S. dollar has a relatively greater weight, the markka fluctuated during the year (Chart 7).

CHART 7. THE EXTERNAL VALUE OF THE FINNISH MARKKA¹



¹ An increase in the indices indicates a weakening in the Finnish markka.

² Rebased to equal the Bank of Finland currency index in January, 1984

From the beginning of June, the Bank of Finland, for technical reasons, allowed the external value of the markka to fluctuate slightly. As a result, the need for intervention diminished markedly.

This foreign exchange policy implied that the selling rate of the US dollar decreased by 17 per cent during the year while the rates of the Deutschemark, the Japanese yen and the Swiss franc all increased by 5-6 per cent. The selling rate of the pound sterling rose by 3.5 per cent and that of the Swedish krona fell by 2 per cent.

Of the major foreign exchange policy measures in 1985, the suspension of Finnish bond sales abroad and the revision of the forward exchange regulations have already been referred to. In addition, the Bank of Finland took several measures designed to increase the interaction between foreign and domestic financial markets. In March, the authorized banks were allowed by the Bank of Finland to enter into currency option contracts so as to enhance the risk management techniques available to firms. These contracts must be trade-related and covered with matching contracts abroad, and may not, for the present, involve exchange rates against the markka. Moreover, the banks' maximum permissible foreign exchange positions against the markka were raised substantially from the beginning of July so as not to constrain the increased volume of bank operations.

The foreign exchange regulations were also streamlined and to some extent liberalized as from the beginning of 1986. The new regulations contain a number of modest, though in principle important, liberalization measures. For instance, a resident is now allowed to invest in foreign listed securities, to place funds in accounts with foreign monetary institutions, or to leave unrepatriated foreign claims up to a fixed annual amount. In addition, the maximum amount of foreign exchange allowed for the purchase of a second home abroad has been doubled.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM APRIL 1985 TO MARCH 1986

1985

April

Payments Agreement between Finland and Bulgaria. In keeping with an agreement concluded between the Finnish and Bulgarian authorities in November 1984, the US dollar clearing account between the two countries is replaced by a Finnish markka clearing account as from April 1, 1985.

Export deposits. On April 3, the Council of State decides to repay export deposits. The export deposits collected on sawn wood are to be repaid during June and those on pulp during November.

Call money market. The Bank of Finland lowers the call money rate from 14.0 to 13.8 per cent as from April 26.

June

Investment reserves. On June 13, the Council of State decides to release, as from October 1, 1985 investment reserves made by companies for accounting periods ending in 1983 or earlier. In the Greater Helsinki area, such reserves may not be used until April 1, 1986. The utilization period is to expire on December 31, 1987.

Sale of Finnish bonds abroad. The Bank of Finland prohibits, until further notice, the sale abroad of bonds and debentures quoted on the Helsinki Stock Exchange as from June 24.

Call money market. The Bank of Finland lowers the call money rate from 13.8 to 13.6 per cent as from June 26.

August

Call money market. The Bank of Finland lowers the call money rate from 13.6 to 13.3 per cent as from August 15.

September

Forward market. The Bank of Finland issues new guidelines on operations in the forward market. Under these guidelines, firms are granted the right to hedge against the foreign exchange risk arising from the difference between their foreign currency claims and liabilities. Firms and private persons may still hedge against foreign exchange risks on an individual transactions basis as before. The new guidelines are to enter into force on September 1, 1985.

Personal credit guidelines. On September 6, the Bank of Finland issues the financial institutions new guidelines on the granting of personal credits.

Call money market. The Bank of Finland lowers the call money rate from 13.3 to 12.9 per cent as from September 17.

Local government counter-cyclical deposits. On September 19, the Council of State makes a decision according to which local authorities are allowed to make counter-cyclical deposits between October 1, 1985 and May 2, 1986. The funds are to be deposited with the Bank of Finland and they can be drawn as from October 1, 1986 and by August 31, 1987 at the latest. The Bank of Finland is to pay interest on the deposits at a rate which is 2.5 percentage points below the base rate. In addition, supplementary interest at a rate of 5.5 per cent is to be paid from central government funds on deposits of more than one year.

October

Call money market. The Bank of Finland lowers the call money rate from 12.9 to 12.6 per cent as from October 18.

November

Call money market. The Bank of Finland lowers the call money rate from 12.6 to 12.4 per cent as from November 5 and further to 12.0 per cent as from November 26.

December

Call money market. The Bank of Finland lowers the call money rate from 12.0 to 11.7 per cent as from December 27.

Cash reserve requirement. The Bank of Finland lowers the cash reserve requirement from 5.6 per cent to 5.3 per cent of the total stock of deposits at the end of December.

1986

January

Interest rate policy. The Bank of Finland lowers its base rate from 9.0 to 8.5 per cent as from January 1, 1986. In the same context, the upper limit on the banks' lending rates is rescinded. The Bank of Finland requires, however, that the rates of interest applied to loans granted for the acquisition of a dwelling intended for own use are not raised in relation to the base rate.

As a result of this decision, the rates applied by the banks to existing loans and tax-free deposits are also generally presupposed to fall by 0.5 percentage point.

Regulation of average lending rates. The Bank of Finland revises its regulation of the banks' average lending rate. With effect from the beginning of 1986, the average interest rate at the end of each calendar month may at most be the Bank of Finland's base rate plus 1.75 percentage points. If the average interest rate

on the banks' total markka-denominated deposits exceeds the Bank of Finland's base rate by more than 1.25 percentage points, the banks' average lending rate may at most equal the average deposit rate for the month in question plus 0.5 percentage point.

Call money market. From the beginning of 1986, the Bank of Finland revises the system applied in the call money market, so that it pays a lower rate of interest on deposits than it charges on call money advances.

The rate on call money advances remains at 11.7 per cent while the rate on call money deposits is 11.0 per cent as from January 2.

Revision of foreign exchange regulations. In connection with the renewal of the Foreign Exchange Act, which enters into force at the beginning of the year, the Bank of Finland updates and partially liberalizes the foreign exchange regulations, the revised regulations also becoming effective on January 1, 1986.

Among other things, the penalty surcharge scheme applied to short-term import credits is abolished; the maximum period for suppliers' credit which does not require the special permission of the Bank of Finland is now six months. Investments in securities quoted abroad and in the form of funds held in accounts with foreign monetary institutions are permitted up to a maximum of FIM 10 000 a year per resident. The upper limit on foreign exchange which may be acquired for the purchase of a second home abroad is raised to FIM 600 000. Authorized banks are granted the right to surrender travel exchange without upper limit on the basis of a breakdown of costs drawn up by the purchaser of travel exchange. Securities brokers are accorded the same rights as the authorized banks to act as intermediaries in securities transactions between residents and non-residents.

Cash reserve requirement. The Bank of Finland lowers the cash reserve requirement from 5.3 per cent to 5.0 per cent of the total stock of deposits at the end of January.

Payments arrangement between Finland and Czechoslovakia. In keeping with an agreement concluded between Finland and Czechoslovakia in August 1985, the practice whereby transactions are settled in convertible currencies is extended for three years from the beginning of 1986. Under the agreement, the payments arrangement is henceforth to be renewed automatically for three years at a time unless otherwise agreed upon subsequently.

Payments arrangement between Finland and Poland. In accordance with an agreement concluded in December 1985, payments between Finland and Poland in 1986 may be effected in Finnish markkaa as well as in US dollars.

Call money market. The Bank of Finland lowers the rate on call money advances from 11.7 to 11.4 per cent and the rate on call money deposits from 11.0 to 10.7 per cent as from January 24.

February

Cash reserve requirement. The Bank of Finland lowers the cash reserve requirement from 5.0 per cent to 4.7 per cent of the total stock of deposits at the end of February.

March

Interest rate policy. The Bank of Finland lowers its base rate from 8.5 to 8.0 per cent as from March 1, 1986. As a result of this decision, the rates applied by the banks to existing loans generally fall by 0.5 percentage point. The rates applied to tax-free deposits are lowered by the same amount.

Call money market. The Bank of Finland lowers the rate on call money advances from 11.4 to 11.2 per cent and the rate on call money deposits from 10.7 to 10.5 per cent as from March 3.

ITEMS

FINNISH INVESTMENT ABROAD AND FOREIGN INVESTMENT IN FINLAND IN 1985

Finnish direct investment abroad. Finnish direct investment abroad in 1985 in the form of equity capital amounted to FIM 1 857 million, while capital repatriated to Finland totalled FIM 32 million. Thus, there was a net outflow of equity capital of FIM 1 825 million. Capital outflows in the form of loans to subsidiaries and associates totalled FIM 350 million. Redemptions of loans amounted to FIM 133 million, so that there was a net outflow of loans to subsidiaries and associates of FIM 217 million. Hence, the total net direct investment outflow in 1985 amounted to FIM 2 042 million.

FIM 325 million, representing 16 per cent of the outflow, went to EFTA countries, which is less than one quarter of the amount in the previous year. Net investment in EEC countries accounted for almost two fifths of the total direct investment outflow. The net direct investment outflow to North America represented slightly more than one third of the total outflow. Finnish net direct investment in developing countries totalled FIM 154 million, representing 8 per cent of the total direct investment outflow.

Finnish-owned companies operating abroad transferred FIM 42 million in dividends to their parent companies in Finland and paid FIM 10 million in interest on loans granted by these companies. Thus, capital earnings totalled FIM 52 million.

The share of direct investment in Finland's gross long-term assets amounted to FIM 10.5 billion at the end of 1985. Of this sum, FIM 9.2 billion represented equity capital and FIM 1.3 billion loans to subsidiaries and associates.

¹ The value of the stock of direct investment by Finnish companies in subsidiaries and associates abroad.

CHART. FINNISH DIRECT INVESTMENT ABROAD AND FOREIGN DIRECT INVESTMENT IN FINLAND



At the end of 1985, there were 1 626 Finnish-owned companies abroad, of which 254 were manufacturing firms. During the year, Finnish companies established or acquired 249 subsidiaries and associates abroad and relinquished ownership of 85 companies.

Foreign direct investment in Finland. New foreign direct investment in companies in Finland in the form of equity capital totalled FIM 442 million in 1985. As repatriations of capital amounted to FIM 94 million, the net inflow of equity capital totalled FIM 348 million. Loans granted by foreign companies to their subsidiaries and associates in Finland totalled FIM 48 million, while redemptions of loans amounted to FIM 16 million. Hence, the net direct investment inflow totalled FIM 380 million.

The net direct investment inflow to Finland from EFTA countries accounted for three fifths of the inflow. Direct investment by EEC countries grew sevenfold compared with the previous year, and their share of the total inflow amounted to more than one third.

Foreign firms operating in Finland transferred FIM 573 million in dividends to their parent companies and paid FIM 14 million in interest on loans granted by these companies. Thus, capital charges totalled FIM 587 million.

The share of direct investment in Finland's gross long-term debt totalled FIM 3.0 billion at the end of 1985.² Of this sum, FIM 2.6 billion was invested as equity capital and FIM 0.4 billion as loans to subsidiaries and associates.

At the end of 1985, there were 1 154 foreign-owned companies in Finland. Of these, 213 were manufacturing firms. In the course of the year, foreign companies established or acquired 115 subsidiaries and associates in Finland. Foreign companies relinquished ownership of 50 companies.

Portfolio investment. Shares issued by Finnish firms on foreign capital markets were sold to foreign investors up to the value of FIM 11 million and repurchased by Finnish investors up to the value of FIM 21 million. Shares, bonds and debentures sold abroad through the Helsinki Stock Exchange amounted to FIM 4 960 million and repurchases by Finnish investors to FIM 686 million. Thus, net portfolio investment in 1985 was equivalent to FIM 4 264 million, the major part of which consisted of bonds and debentures.

² The value of the stock of direct investment by Finnish companies in subsidiaries and associates abroad.

BANK OF FINLAND

Board of Management

Rolf Kullberg
Chairman

Pentti Uusivirta	Ele Alenius
Harri Holkeri	Seppo Lindblom <i>Absent as Minister of Trade and Industry</i>

Esko Ollila <i>Absent as Minister of Finance</i>	Markku Puntila <i>Acting Member of the Board</i>
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Directors

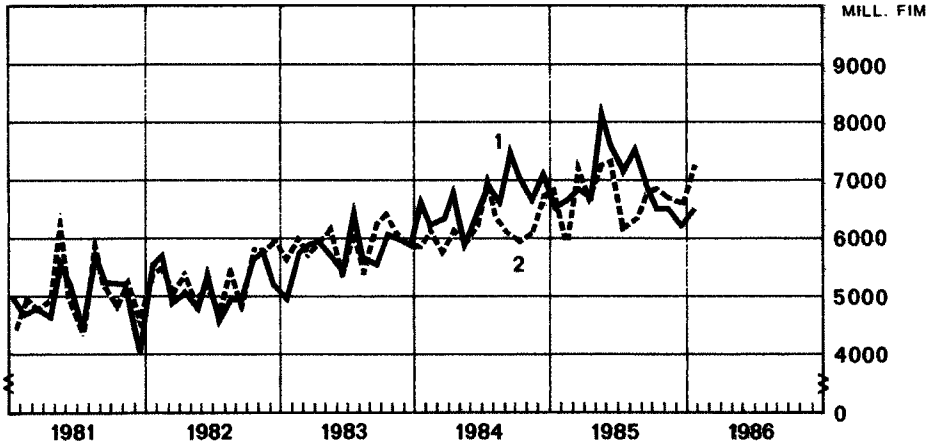
Markku Puntila	Eino Helenius
Pentti Koivikko	Sirkka Hämäläinen
Matti Vanhala	

Senior officials

H.T. Hämäläinen <i>Secretary to the Board of Management</i>	Timo Männistö <i>Internal Audit</i>
Ossi Leppänen <i>Accounting</i>	Urpo Levo <i>Administration</i>
Reijo Mäkinen <i>Cash</i>	Raimo Hyvärinen <i>Domestic Financing</i>
Anton Mäkelä <i>Personnel</i>	Heikki Koskenkylä <i>Research</i>
Erkki Venkamäki <i>Data Processing</i>	Kari Puumanen <i>Economics</i>
Antti Heinonen <i>Information</i>	Ralf Pauli <i>Monetary Policy</i>
Kari Holopainen <i>Bilateral Trade</i>	Esa Ojanen <i>Exchange Control</i>
Johnny Åkerholm <i>Exchange Policy</i>	Kari Pekonen <i>Foreign Exchange</i>
Markus Fogelholm <i>Foreign Financing</i>	

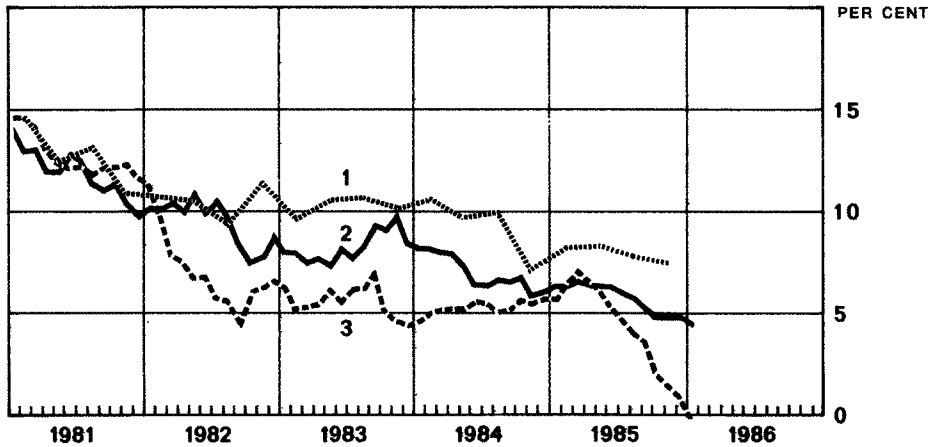
FOREIGN TRADE, 1981-86

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



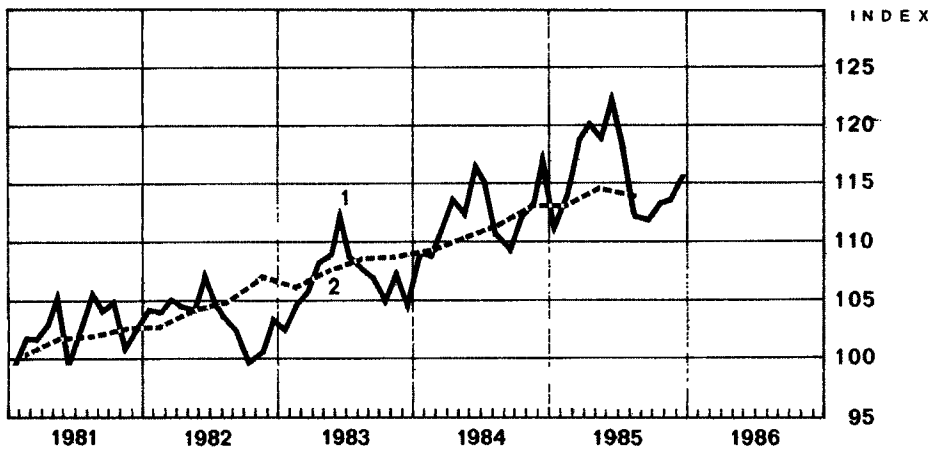
PRICES AND WAGES, 1981-86

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
- 2. Consumer price index 1981 = 100, monthly figures
- 3. Basic price index for domestic supply 1980 = 100, monthly figures
- Percentage change on previous year



PRODUCTION, 1981-86

- 1. Total index of industrial production 1980 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1980 = 100, seasonally adjusted quarterly figures



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