



BANK OF FINLAND

MONTHLY BULLETIN

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JANUARY

1968

DUE TO THE CLOSING DOWN OF THE 1967 ACCOUNTS, THE DEPUTY GOVERNOR OF THE BANK OF FINLAND, DR. REINO ROSSI, HAS GIVEN THE FOLLOWING STATEMENT.

The Finnish economy in 1967 was characterized by developments which led to the decision to devalue the Finnmark on October 11. This solution was adopted because of the persisting fundamental disequilibrium in the balance of payments despite economic measures taken to promote exports and to curb imports. It was concluded that for the improvement of the balance of payments situation it was not possible to pursue a tighter economic policy, since this would have involved a very slow rate of economic growth also over the next few years and would have meant a slower process of structural change in the economy and a continuous weakening in the employment situation.

The deficit in the balance of trade was still approximately 400 million marks in 1967. The gold and convertible currency reserves of the Bank of Finland calculated on the basis of the new rates of exchange declined by 35 million marks during the year while the decrease in the total foreign exchange reserves was 26 million marks. It should be taken into consideration that the credit tranches of the stand-by credit obtained from the International Monetary Fund, 262 million marks according to the new rates of exchange, were drawn upon entirely and that the net amount of other long-term capital imports was approximately

450 million marks according to the preliminary calculations. The gold and convertible currency reserves were 647 million marks and the total foreign exchange reserves 626 million marks at the end of the year. In addition, the Bank held foreign bonds and bills of exchange to the value of 98 million marks.

In spite of the restrictive credit policy pursued by the banks their position remained rather tight throughout the year. The portfolio of rediscounted bills at the Bank of Finland amounted to 868 million marks at the end of the year or about 48 million marks less than a year earlier. It must be mentioned, however, that the Bank of Finland had to support the banking institutions in other ways, by means of forward transactions of bonds and other forms of credit; total bank liabilities to the central bank were in fact greater than the previous year. On the other hand, the cash reserve accounts of the banking institutions, entered in the Balance Sheet under the item "domestic term liabilities", contained 162 million marks at the end of the year.

Direct lending by the Bank of Finland increased both due to the temporary credits

On page 18, The Profitability of Forest Plantations in Finland

granted and the special credit facilities extended by the Bank. The latter include the "new export" credits, drawings on which amounted to 55 million marks at the end of the year. The total increase in discounted bills was 115 million marks in 1967.

The remaining 95 million marks was drawn by the Treasury on the 300 million mark loan granted by the Bank to the Treasury in the previous year. The cheque account balance of the Treasury decreased by 35 million marks, but on the other hand the balance in the new export levy account at the end of the year was 14 million marks.

Despite the rise in the price level during 1967 the note circulation at the end of the

year was 1 052 million marks or 54 million marks less than a year earlier. Since there was also an increase in the primary note cover of 162 million marks due primarily to the devaluation, the unused right of note issue was 304 million marks at the end of the year.

The profits of the Bank of Finland amounted to 40.9 million marks or 7 million marks more than in 1966. One-half of the annual profit is transferred to the reserve fund, which was 129.5 million marks before this transfer. The disposal of the other half will be decided by Parliament.

January 3, 1968

BANK OF FINLAND

Mill. mk

	1966	1967				
	Dec. 31	Nov. 30	Dec. 8	Dec. 15	Dec. 23	Dec. 30
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	637.2	985.4	968.2	927.3	863.1	798.8
Gold	143.9	195.7	195.7	172.1	188.8	188.8
IMF gold tranche	100.0	—	—	—	—	—
Foreign exchange	312.0	682.9	671.0	685.1	575.3	512.3
Foreign bills	56.4	81.4	76.1	74.7	73.6	72.5
Foreign bonds	24.9	25.4	25.4	25.4	25.4	25.2
<i>Supplementary note cover</i>	1 063.7	949.9	941.3	999.8	1 012.2	1 130.7
Inland bills discounted						
In foreign currency	36.3	55.8	52.2	52.2	52.2	122.5
In Finnish currency	112.2	113.9	119.7	112.7	143.7	140.7
Rediscounted bills	915.2	780.2	769.4	834.9	816.3	867.5
<i>Other assets</i>	424.6	603.8	603.3	652.1	774.1	707.7
Finnish bonds	284.8	341.0	338.5	380.3	781.1	370.5
Cheque accounts	2.1	2.7	7.6	2.8	3.4	4.0
Finnish coin	11.7	14.8	13.9	13.3	11.5	12.3
Other claims	126.0	245.3	243.3	255.7	278.1	320.9
Total	2 125.5	2 539.1	2 512.8	2 579.2	2 649.4	2 637.2
Liabilities						
<i>Notes in circulation</i>	1 106.2	937.9	989.7	1 036.3	1 111.4	1 052.1
<i>Liabilities payable on demand</i>	179.6	190.0	105.6	131.3	114.2	139.6
Foreign exchange accounts	61.2	71.9	73.3	73.8	73.8	74.7
Mark accounts of holders abroad	16.2	14.1	14.0	14.0	14.2	14.1
Cheque accounts						
Treasury	39.8	18.4	0.5	8.4	0.1	4.4
Post Office Savings Bank	17.3	51.8	1.3	10.5	3.7	17.2
Private banks	13.8	18.4	—	3.6	—	9.8
Other	2.8	1.9	3.5	4.6	2.4	1.8
Other sight liabilities	28.5	13.5	13.0	16.4	20.0	17.6
<i>Term liabilities</i>	126.3	552.0	548.2	541.1	545.4	553.1
Foreign	84.6	343.3	339.3	539.3	339.3	339.5
Finnish	41.7	208.7	208.9	201.8	206.1	213.6
<i>Equalization accounts</i>	266.9	394.1	403.3	403.4	409.5	422.0
<i>Bank's own funds</i>	446.5	465.1	466.0	467.1	468.9	470.4
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	112.6	129.5	129.5	129.5	129.5	129.5
Profits undisposed	—	—	—	—	—	—
Earnings less expenses	33.9	35.6	36.5	37.6	39.4	40.9
Total	2 125.5	2 539.1	2 512.8	2 579.2	2 649.4	2 637.2
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	637.2	985.4	968.2	927.3	863.1	798.8
Supplementary cover						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	700.0	700.0	700.0	700.0	700.0
Total	1 337.2	1 685.4	1 668.2	1 627.3	1 563.1	1 498.8
Note issue						
Notes in circulation	1 106.2	937.9	989.7	1 036.3	1 111.4	1 052.1
Liabilities payable on demand	179.6	190.0	105.6	131.3	114.2	139.6
Undrawn on cheque credits	4.9	4.3	3.7	4.3	4.6	3.1
Unused right of note issue	46.5	553.2	569.2	455.4	332.9	304.0
Total	1 337.2	1 685.4	1 668.2	1 627.3	1 563.1	1 498.8

Rediscount rate since April 28, 1962, 7 per cent.

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1960	686.0	40.6	645.4	67.0	142.7	569.7	37.5	32.4	61.9	8.0
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	— 10.9
1966										
Sept.	649.4	37.4	612.0	87.4	57.4	642.0	11.5	1.1	3.0	7.4
Oct.	617.5	35.7	581.8	87.8	55.1	614.5	11.5	1.1	3.5	6.9
Nov.	560.7	43.3	517.4	88.3	55.4	550.3	11.5	1.1	4.3	6.1
Dec.	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	— 29.4
1967										
Jan.	602.7	46.1	556.6	82.5	97.8	541.3	8.3	1.1	1.1	6.1
Feb.	619.5	47.2	572.3	78.6	98.0	552.9	8.3	1.1	0.3	6.9
March	595.3	49.9	545.4	77.4	97.8	525.0	8.3	1.1	2.4	4.8
April	714.6	60.8	653.8	79.5	171.9	561.4	8.3	1.1	1.3	5.9
May	699.3	60.7	638.6	75.3	171.9	542.0	8.3	1.1	4.9	2.3
June	700.6	50.8	649.8	75.2	217.5	507.5	8.3	1.1	2.3	4.9
July	772.0	51.0	721.0	77.8	217.4	581.4	8.3	1.1	4.9	2.3
Aug.	736.9	49.1	687.8	76.7	217.8	546.7	8.3	1.1	23.6	— 16.4
Sept.	780.6	53.6	727.0	77.9	293.5	511.4	8.3	1.1	1.0	6.2
Oct. ¹⁾	984.0	64.5	919.5	106.3	377.3	648.5	8.3	1.3	10.6	— 3.6
Nov.	878.6	71.9	806.7	106.8	357.4	556.1	8.3	2.3	18.4	— 12.4
Dec.	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	— 10.9

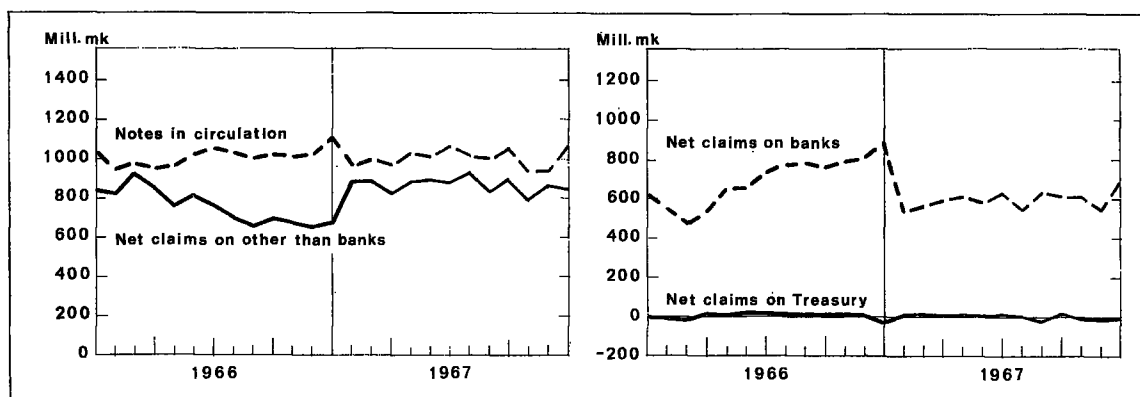
	Foreign exchange situation, mill. mk					
	Net holdings, Dec. 31, 1966			Net holdings, Nov. 30, 1967 ¹⁾		
	Bank of Finland	Other	Total	Bank of Finland	Other	Total
Gold	144	—	144	196	—	196
Convertible currencies	274	—189	85	460	—281	179
Other currencies	— 23	1	— 22	151	1	152
IMF gold tranche	100	—	100	—	—	—
Total	495	—188	307	807	—280	527

¹⁾ Subsequent figures are affected by the change in the par value of the mark from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar), effective Oct. 12, 1967.

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1960	205.1	16.8	—	1.6	186.7	72.3	109.5	3.5	178.3	727.4
1961	294.6	44.7	4.4	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1966										
Sept.	781.5	10.4	8.4	0.8	761.9	53.7	164.0	52.7	165.0	1 017.2
Oct.	807.5	— 1.0	21.5	0.5	786.5	61.9	169.2	47.6	183.5	1 011.7
Nov.	848.7	— 0.5	44.4	0.3	804.5	62.0	175.1	44.6	192.5	1 016.5
Dec.	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967										
Jan.	611.1	73.4	5.3	— 1.2	533.6	106.8	157.0	57.7	206.1	968.7
Feb.	637.9	64.5	14.7	— 0.7	559.4	88.0	152.5	55.4	185.1	991.7
March	728.5	101.4	29.7	— 1.0	598.4	98.2	158.1	59.9	196.4	964.9
April	753.2	115.6	28.8	— 1.3	610.1	107.9	155.7	60.0	203.6	1 033.5
May	774.2	120.7	75.6	— 5.0	582.9	95.8	166.8	60.8	201.8	1 010.6
June	775.1	125.4	22.7	— 1.3	628.3	82.3	203.8	58.5	227.6	1 062.1
July	761.6	79.2	143.8	+ 0.0	538.6	85.3	214.9	55.1	245.1	1 019.8
Aug.	772.6	93.7	54.2	0.1	624.6	85.1	216.8	55.5	246.4	1 000.9
Sept.	749.4	116.4	18.7	+ 0.0	614.3	97.6	214.3	58.8	253.1	1 047.9
Oct.	750.0	103.0	33.0	+ 0.0	614.0	109.2	226.8	57.5	278.5	938.6
Nov.	780.2	170.9	69.1	0.2	540.0	113.9	295.5	51.8	357.6	937.9
Dec.	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1

¹⁾ Including cash reserve accounts in 1961 and from February 1967.

DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their central bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1956	386.1	459.6	138.4	968.1	1 124.0	635.3	341.6	160.1	3 229.5	3 827.5
1957	377.1	461.4	139.3	1 032.2	1 178.6	671.1	339.6	168.2	3 390.1	3 990.8
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1966										
Nov.	594.0	796.4	279.1	3 458.3	3 219.4	2 141.7	835.2	373.5	10 028.3	11 103.8
Dec.	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967*										
Jan.	655.4	832.5	325.4	3 671.0	3 372.9	2 250.3	883.8	384.8	10 563.1	11 721.0
Feb.	649.8	823.8	381.9	3 700.9	3 413.2	2 275.9	897.9	389.1	10 677.2	11 882.9
March	616.5	801.3	340.1	3 723.5	3 448.5	2 312.3	906.8	399.1	10 783.2	11 924.6
April	559.8	731.8	351.6	3 758.3	3 466.1	2 323.7	908.0	394.2	10 850.5	11 933.9
May	596.1	777.8	337.6	3 782.6	3 596.1	2 348.4	908.3	392.1	10 928.7	12 044.1
June	548.1	720.5	361.6	3 766.3	3 463.5	2 306.2	906.1	387.2	10 829.5	11 911.6
July	581.9	755.5	316.5	3 775.0	3 464.2	2 316.0	908.5	386.0	10 849.9	11 921.9
Aug.	601.9	789.1	295.9	3 808.2	3 491.9	2 328.2	910.3	385.4	10 924.2	12 009.2
Sept.	572.2	763.1	286.2	3 821.0	3 520.7	2 348.8	914.4	393.2	10 998.2	12 047.5
Oct.	708.3	910.9	312.4	3 857.1	3 522.3	2 350.2	909.9	395.9	11 035.6	12 258.9
Nov.	663.0	850.5	310.9	3 879.2	3 543.0	2 354.7	912.2	398.5	11 087.8	12 249.2

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1967*			
Jan.	2 340.9	25.9	834.5
Feb.	2 426.3	19.0	816.1
March	2 543.1	13.9	796.8
April	2 636.1	8.6	780.0
May	2 748.4	1.1	748.5
June	2 810.1	0.2	731.5
July	2 891.9	0.2	711.1
Aug.	2 961.7	—	699.2
Sept.	3 049.4	—	687.2
Oct.	3 529.1	—	680.0
Nov.	3 745.1	—	645.1

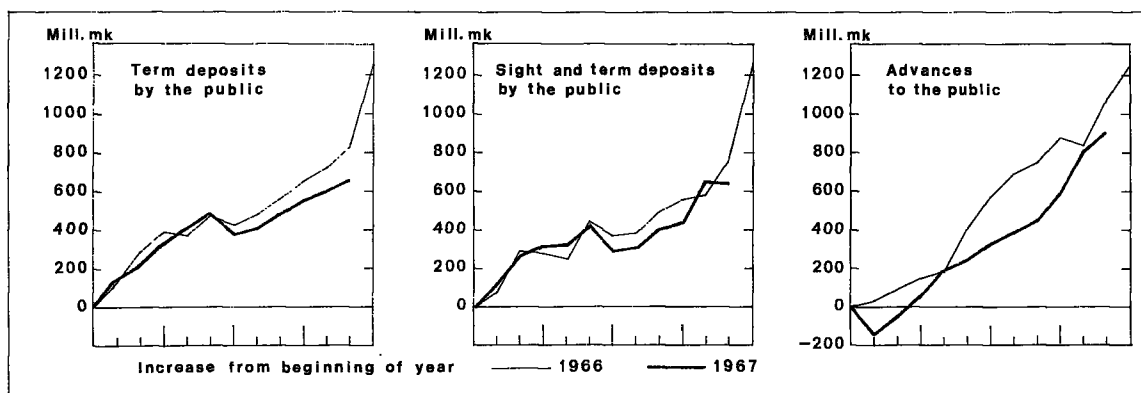
Selling rates for foreign exchange			
Dec. 30, 1967			
	mk		mk
New York 1 \$	4.2060	Zurich 100 Fr	97.33
Montreal 1 \$	3.8930	Paris 100 FF	85.70
London 1 £	10.1250	Rome 100 Lit	0.6740
Stockholm .. 100 Kr	81.55	Vienna 100 S	16.29
Oslo 100 Kr	58.88	Lisbon 100 Esc	14.78
Copenhagen .. 100 Kr	56.41	Reykjavik 100 Kr	7.38
Frankfurt o. M. 100 DM	105.25	Madrid 100 Pta	6.05
Amsterdam .. 100 Fl	116.95	Moscow, clear. ¹⁾ 1 Rbl	4.6799
Brussels 100 Fr	8.4700	Clearing dollars ²⁾ 1 Cl \$	4.212

¹⁾ Bucharest.²⁾ Berlin, Bogota, Budapest, Prague, Sofia, Warsaw.

ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1956	1 626.6	1 028.3	262.3	767.6	146.9	3 578.0	253.7	3 831.7	1 160.0
1957	1 603.8	1 066.4	260.5	780.6	157.2	3 630.0	238.5	3 868.5	1 170.7
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1966 Nov.	4 745.0	2 919.3	787.0	2 554.6	918.7	11 448.4	476.2	11 924.6	2 047.2
1966 Dec.	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1967*									
Jan.	4 716.4	2 955.7	793.9	2 593.2	905.6	11 494.2	470.6	11 964.8	2 050.2
Feb.	4 793.3	2 969.8	804.6	2 590.2	901.2	11 570.9	488.2	12 059.1	2 112.8
March	4 857.3	2 978.6	819.1	2 600.9	901.0	11 632.5	524.4	12 156.9	2 042.7
April	4 912.3	3 011.0	830.0	2 616.2	926.2	11 766.6	529.1	12 295.7	2 084.7
May	4 920.4	3 044.2	825.7	2 633.5	928.7	11 846.7	505.8	12 352.5	2 080.8
June	5 014.7	3 063.0	832.8	2 601.5	924.4	11 882.8	553.6	12 436.4	2 105.1
July	5 028.9	3 092.9	838.8	2 614.8	924.7	11 970.8	529.3	12 500.1	2 035.9
Aug.	5 012.4	3 121.5	851.9	2 636.4	921.0	12 031.8	511.4	12 543.2	2 039.5
Sept.	5 083.9	3 163.3	860.6	2 677.0	918.2	12 150.6	552.4	12 703.0	2 016.1
Oct. ¹⁾	5 073.5	3 206.2	859.6	2 740.9	1 043.8	12 443.0	481.0	12 924.0	2 075.6
Nov.	5 114.3	3 238.7	861.0	2 764.8	1 033.6	12 504.5	507.9	13 012.4	..

¹⁾ See footnote on page 4.

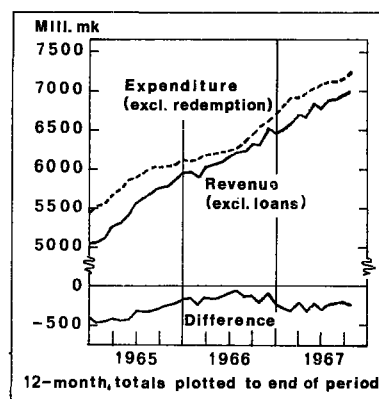
STATE FINANCES

Mill. mk

Revenue	Jan.—Oct.		Expenditure	Jan.—Oct.	
	1966	1967		1966	1967
Income and property tax (net)	1 446	1 632	Interest on State debt	154	186
Gross receipts	(3 435)	(3 968)	Child allowances	223	233
Refunds and communal income tax	(-1 989)	(-2 336)	The State's share in national pensions	226	252
Other direct taxes	26	28	The State's share in national health insurance	51	39
Sales tax	1 147	1 346	Compensations to war-disabled	124	136
Import duties	420	378	Subsidies	496	500
Revenue from Alcohol Monopoly ..	399	438	Net payments of price equalization ..	52	64
Excise duty on tobacco	311	348	State aid to agriculture	48	36
Excise duty on liquid fuel	369	396	State aid to communal and private schools	448	519
Other excise duties	86	118	Net loss of State enterprises	56	58
Tax on automobiles and motor cycles ..	146	166	Maintenance of roads	139	148
Tax on motor vehicles	46	53	Other current expenditure	1 953	..
Stamp duties	141	151	Current expenditure	3 970	..
Employers' payments for child allowances	362	395	Real investments ¹⁾	935	925
Other revenue similar to taxes	77	87	Other capital expenditure	579	..
Total taxes	4 976	5 536	Capital expenditure	1 514	..
Interest and dividends	86	100	Total expenditure	5 484	6 033
Other current revenue	227	211	Redemption of external loans	62	53
Current revenue	5 289	5 847	Redemption of internal loans	263	373
Capital revenue proper	133	140	Redemption of indemnity bonds etc. ..	1	1
Decrease in inventories	47	30	Index premiums	15	16
Capital revenue	180	170	Redemptions	341	443
Total revenue	5 469	6 017	Total	5 825	6 476
External loans	66	149			
Internal loans	560	417			
Loans	626	566			
Short-term credit (increase +) ..	-334	-4			
Deficit (+) or surplus (-)	+ 64	-103			
Total	5 825	6 476			

¹⁾ According to the calculations by the Economic Department of the Ministry of Finance.

Debt	1964	1965	1966	1967		
	Dec.	Dec.	Dec.	Aug.	Sept.	Oct.
External debt	1 184	1 175	1 337	1 384	1 422	1 780
Ordinary loans	1 353	1 661	1 980	2 008	1 998	2 020
Indemnity bonds etc.	7	203	93	13	3	2
Short-term credit ..	177	163	95	94	84	112
Cash debt (net)	23	-101	-119	-185	-213	-221
Internal debt	1 560	1 926	2 049	1 930	1 872	1 913
Total debt	2 744	3 101	3 386	3 314	3 294	3 693
Total debt, mill. \$	853	962	1 050	1 028	1 021	882



BALANCE OF PAYMENTS

Mill. mk

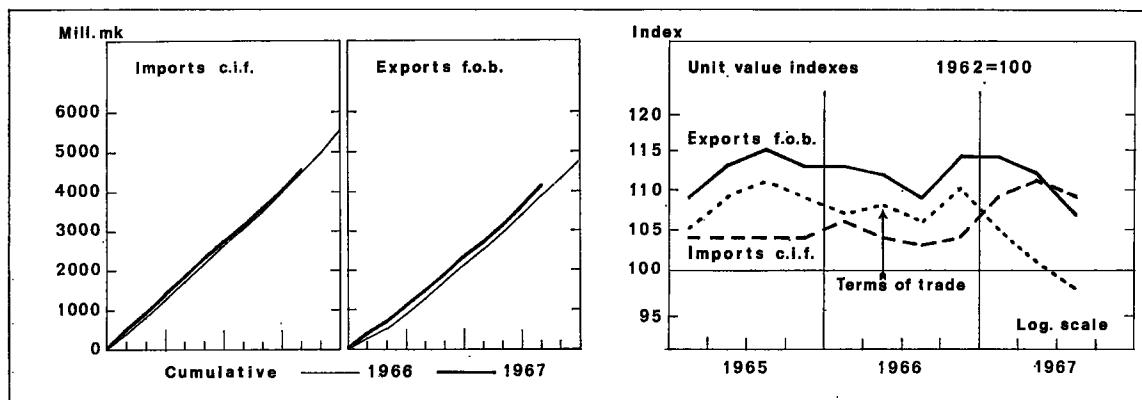
Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1959	2 659	2 676	- 17	+167	- 53	+ 6	+103	- 18	+ 7	+ 92
1960	3 144	3 415	-271	+204	- 73	+ 11	-129	- 17	+ 9	-137
1961	3 350	3 701	-351	+231	- 95	+ 19	-196	- 30	+ 7	-219
1962	3 515	3 948	-433	+222	-112	+ 71	-252	- 47	+ 5	-294
1963	3 658	3 878	-220	+243	-100	+ 74	- 3	- 70	+ 6	- 67
1964	4 109	4 831	-722	+330	-115	+ 42	-465	-101	+ 3	-563
1965	4 542	5 287	-745	+341	-108	+ 21	-491	-131	+ 15	-607
1966	4 784	5 542	-758	+356	- 96	+ 12	-486	-150	+ 3	-633
Jan.-Mar.										
1965	924	1 246	-322	+ 58	- 23	+ 15	-272	- 31	+ 1	-302
1966	879	1 247	-368	+ 66	- 23	+ 10	-315	- 38	+ 0	-353
1967	1 088	1 347	-259	+ 91	- 24	- 2	-194	- 57	- 1	-252
Apr.-June										
1965	1 141	1 406	-265	+ 90	- 34	+ 12	-197	- 31	+ 3	-225
1966	1 247	1 397	-150	+108	- 31	- 8	- 81	- 36	- 2	-119
1967	1 242	1 398	-156	+105	- 34	+ 6	- 79	- 39	+ 1	-117
July-Sept.										
1965	1 210	1 281	- 71	+ 85	- 25	+ 13	+ 2	- 25	+ 0	- 23
1966	1 275	1 359	- 84	+ 67	- 17	+ 1	- 33	- 40	+ 2	- 71
Oct.-Dec.										
1965	1 267	1 354	- 87	+108	- 26	- 19	- 24	- 44	+ 11	- 57
1966	1 383	1 539	-156	+115	- 25	+ 9	- 57	- 36	+ 3	- 90

Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1959	+122	-130	..	- 21	+ 63	+ 3	+136	- 44	+158	-158	..
1960	+200	-116	..	- 9	- 62	+140	- 58	- 82	- 62	+ 62	..
1961	+298	-124	..	+ 5	- 40	+ 2	+ 32	+ 45	+ 39	- 39	..
1962	+271	-134	..	- 9	-166	- 74	- 43	+240	- 43	+ 43	..
1963	+513	-164	..	- 23	+259	-109	- 22	- 16	+112	-112	..
1964	+762	-228	- 31	- 11	- 71	+112	+ 55	+ 83	+179	-179	..
1965	+434	-273	- 66	+ 4	-508	+146	+ 35	+ 44	-283	+202	+ 81
1966	+518	-271	- 61	- 32	-479	+ 53	-114	+185	-355	+321	+ 34
Jan.-Mar.											
1965	+121	- 79	- 2	+ 3	-259	+ 51	+137	+ 1	- 70	+ 86	- 16
1966	+ 89	- 60	+ 2	- 15	-337	+ 43	+243	+ 18	- 33	+ 38	- 5
1967	+192	- 66	+ 12	+ 5	-109	- 48	+ 85	+ 81	+ 9	- 50	+ 41
Apr.-June											
1965	+ 84	- 49	- 16	+ 5	-201	+108	- 48	+ 7	-134	+170	- 36
1966	+116	- 52	- 36	+ 3	- 88	+ 19	-114	+ 69	-114	+121	- 7
1967	+315	- 62	+ 2	+ 4	+142	+ 44	+ 71	-177	+ 80	-105	+ 25
July-Sept.											
1965	+ 55	- 88	+ 2	- 6	- 60	+ 25	- 70	+ 29	- 76	+ 39	+ 37
1966	+111	- 67	- 9	+ 20	- 16	- 3	-121	+ 49	- 91	+ 45	+ 46
Oct.-Dec.											
1965	+174	- 57	- 50	+ 1	+ 11	- 38	+ 15	+ 9	- 3	- 93	+ 96
1966	+202	- 92	- 18	- 40	- 38	- 6	-122	+ 49	-117	+117	± 0

¹⁾ Including Direct investment net.

FOREIGN TRADE

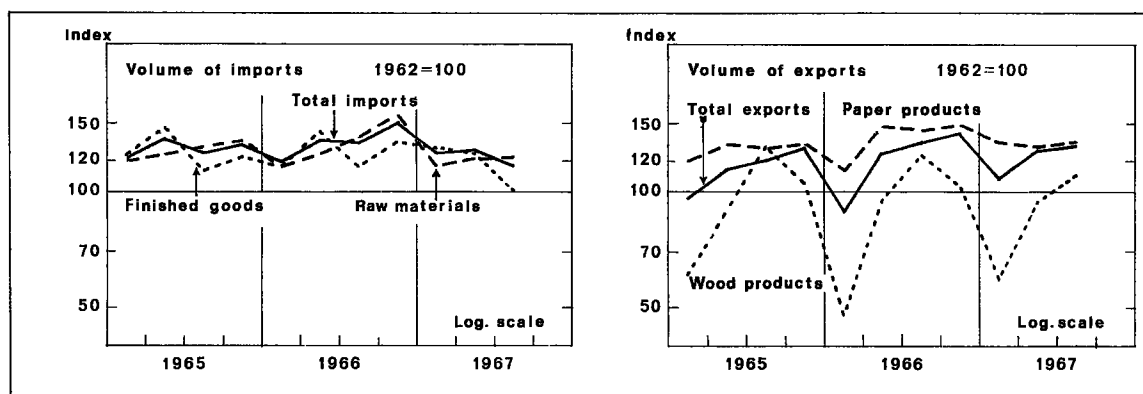
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products		
1962	3 533.1	3 928.7	-395.6	100	100	100	100	100	100	100
1963	3 678.0	3 866.9	-188.9	102	96	104	100	105	101	101
1964	4 131.9	4 816.5	-684.6	108	109	111	104	113	103	105
1965	4 566.0	5 266.1	-700.1	113	115	123	106	119	104	109
1966*	4 818.5	5 524.3	-705.8	112	112	122	105	119	104	108
Jan.-Oct. 1965	3 706.6	4 350.4	-643.8	114	112	120	105	130	104	110
1966*	3 862.0	4 476.3	-614.3							
1967*	4 158.7	4 529.3	-370.6							
1966*				114	112	120	105	130	104	110
Oct.	460.6	489.0	- 28.4							
Nov.	437.5	491.2	- 53.7							
Dec.	518.7	556.9	- 38.2	114	108	119	106	130	109	105
1967*										
Jan.	365.5	467.7	-102.2							
Feb.	343.9	443.4	- 99.5	112	110	118	106	120	111	101
March	378.5	434.0	- 55.5							
April	397.6	487.3	- 89.7							
May	404.4	481.9	- 77.5	107	109	118	106	101	109	98
June	457.5	421.8	+ 35.7							
July	372.8	400.7	- 27.9							
Aug.	411.3	430.7	- 19.4	107	109	118	106	101	109	98
Sept.	465.6	420.3	+ 45.3							
Oct.	561.6	541.5	+ 20.1							



FOREIGN TRADE BY MAIN GROUPS

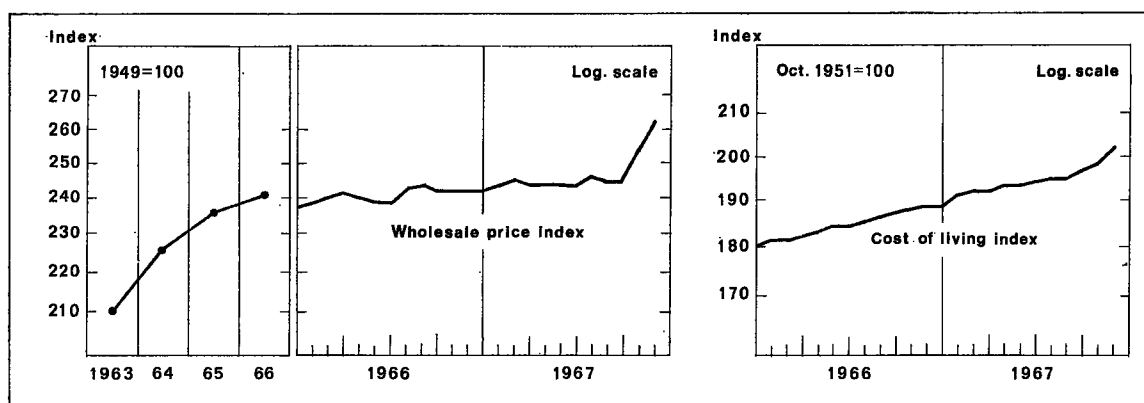
Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri-cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1962	144.5	189.5	770.3	1 588.8	662.6	177.4	1 762.6	371.2	1 144.9	650.0
1963	164.8	112.8	811.8	1 752.2	613.8	222.6	1 827.5	373.3	1 004.3	661.8
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	877.6
1966*	264.0	59.0	863.5	2 297.0	877.5	457.5	2 450.4	589.8	1 448.5	1 035.6
Jan.-Oct.										
1965	198.4	53.1	766.6	1 792.7	601.5	294.3	1 949.0	418.2	1 266.1	717.1
1966*	213.0	48.5	710.1	1 884.7	646.5	359.2	1 978.3	475.9	1 182.8	839.3
1967*	200.5	47.1	690.4	1 910.4	850.6	459.7	1 988.6	506.2	1 156.8	877.7
1966*										
Oct.	17.6	5.3	85.1	203.1	99.8	49.7	229.6	60.0	108.3	91.1
Nov.	17.5	5.1	73.8	196.2	93.2	51.7	225.8	54.6	112.3	98.5
Dec.	33.5	5.3	79.6	216.1	137.5	46.7	246.4	59.3	153.5	97.7
1967*										
Jan.	30.5	2.2	52.5	188.6	58.7	33.0	203.0	62.4	114.5	87.8
Feb.	11.6	2.2	41.0	180.5	74.4	34.2	176.9	38.5	134.0	94.0
March	15.6	3.2	41.5	199.0	79.0	40.2	176.8	41.4	121.8	94.0
April	31.1	5.8	56.9	187.1	72.1	44.6	203.1	54.6	128.7	100.9
May	15.0	5.2	71.6	190.0	78.1	44.5	212.2	49.0	129.7	91.0
June	24.6	5.0	85.6	175.7	118.5	48.1	184.6	46.3	120.6	70.3
July	12.6	5.2	85.2	177.9	61.4	30.5	181.6	47.8	105.1	66.2
Aug.	14.4	7.9	88.1	189.1	58.7	53.1	203.6	53.1	88.6	85.4
Sept.	19.7	4.9	76.5	194.5	112.1	57.9	194.1	51.8	94.6	79.8
Oct.	25.4	5.5	91.5	228.0	137.6	73.6	252.7	61.3	119.2	108.3



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f.o.b.					Imports, c.i.f.				
	Whole year		Jan.—Oct.			Whole year		Jan.—Oct.		
	1965	1966*	1966*	1967*		1965	1966*	1966*	1967*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.8	22.6	23.4	22.9	950.5	15.8	16.6	16.9	16.4	741.8
United Kingdom	20.7	20.5	21.3	20.9	870.8	15.3	16.1	16.3	15.7	709.8
Other OECD countries										
in Europe	44.8	46.7	46.6	43.8	1 822.2	55.5	53.7	53.5	54.1	2 450.5
Austria	0.3	0.4	0.4	0.5	19.4	0.8	0.9	0.8	1.0	44.1
Belgium-Luxembourg	3.3	3.1	3.1	2.5	102.7	2.2	1.9	1.9	2.0	92.1
Denmark	3.9	3.5	3.5	3.8	159.6	3.1	3.5	3.3	3.2	146.3
France	4.4	4.5	4.6	4.3	177.7	4.2	4.3	4.4	3.9	178.8
Western Germany	11.2	11.1	10.8	8.3	348.7	18.9	17.0	17.3	16.9	763.7
Italy	3.0	3.0	2.9	3.0	126.1	1.9	2.0	2.0	2.0	92.3
Netherlands	6.0	5.8	5.9	5.1	212.7	4.2	3.6	3.7	3.7	168.4
Norway	1.1	1.8	1.9	2.5	103.9	1.9	2.1	2.1	2.2	98.3
Portugal	0.2	0.4	0.4	0.2	9.7	0.2	0.3	0.4	0.5	20.4
Spain	1.1	1.2	1.1	1.1	46.0	0.5	0.4	0.3	0.4	18.2
Sweden	7.5	8.8	8.9	9.6	397.4	14.0	14.1	13.9	15.0	676.1
Switzerland	0.7	0.9	0.9	1.0	41.3	2.9	3.1	2.9	3.0	136.1
Eastern Bloc	21.0	18.7	17.6	21.3	885.8	18.9	19.8	19.4	19.4	879.2
China	0.6	0.6	0.6	0.6	27.4	0.3	0.5	0.5	0.6	26.5
Czechoslovakia	0.6	0.8	0.7	0.4	17.5	0.7	0.6	0.7	0.6	29.0
Eastern Germany	0.8	1.0	1.0	0.7	27.5	0.9	0.9	0.9	0.9	40.0
Poland	2.3	1.4	1.4	1.5	60.8	1.9	1.6	1.5	1.5	69.9
Soviet Union	15.8	14.2	13.0	17.3	720.7	14.4	15.5	15.1	15.1	681.6
U.S. and Canada	6.2	6.6	6.8	6.1	255.4	5.2	4.9	5.0	4.3	194.9
United States	6.0	6.4	6.6	5.9	246.2	5.0	4.6	4.7	4.0	182.6
Latin America	3.8	2.9	3.1	2.9	120.8	1.6	2.8	2.8	2.8	128.5
Argentina	0.9	1.0	1.1	1.0	40.0	0.3	0.3	0.3	0.2	10.9
Brazil	1.4	0.4	0.4	0.8	33.2	0.3	1.3	1.2	1.1	50.6
Colombia	0.7	0.6	0.7	0.3	12.3	0.6	0.7	0.7	0.8	35.7
Other	1.4	2.5	2.5	3.0	124.0	3.0	2.2	2.4	3.0	134.3
Grand total	100.0	100.0	100.0	100.0	4 158.7	100.0	100.0	100.0	100.0	4 529.2
of which										
EFTA countries	34.3	36.4	37.4	38.5	1 602.0	38.2	40.0	39.7	40.4	1 831.2
EEC countries	28.0	27.5	27.2	23.3	968.0	31.4	28.8	29.2	28.6	1 295.3



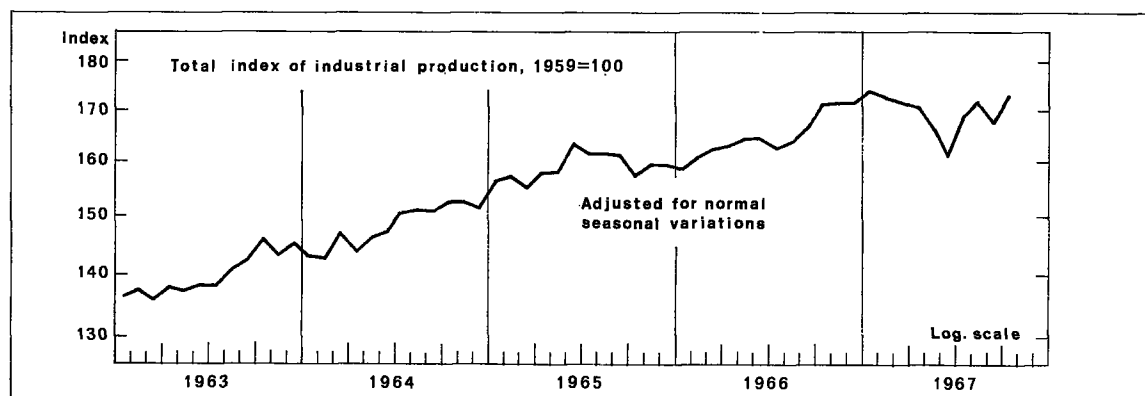
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1964	226	231	210	228	214	227	250	218	218	100	100	100
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	241	247	216	245	228	238	271	233	228	108	112	104
1966												
Nov.	242	249	216	244	229	243	272	232	231	109	115	104
Dec.	242	249	216	244	229	243	273	232	231	109	115	104
1967												
Jan.	243	250	216	244	232	245	271	232	234	112	119	105
Feb.	245	253	216	243	233	251	276	232	235	112	119	106
March	244	251	216	243	233	248	273	232	235	112	119	106
April	244	251	216	242	236	248	271	231	235	112	119	105
May	244	251	216	242	236	248	273	230	235	112	119	105
June	243	250	217	242	236	247	271	231	234	114	123	106
July	246	254	216	241	235	254	279	230	236	114	123	106
Aug.	245	253	216	241	235	254	277	230	236	114	123	106
Sept.	245	252	216	241	235	252	272	234	236	114	123	105
Oct.	254	257	242	251	254	259	282	242	246	117	123	109
Nov.	262	264	256	260	262	265	285	252	255	119	123	111

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other
1964	170	184	364	114	107	164	133	135	135	110	132	134
1965	178	195	377	115	109	173	140	144	140	111	135	141
1966	185	202	392	119	111	182	145	149	145	116	138	148
1966												
Nov.	189	204	401	125	113	187	148	150	149	122	140	153
Dec.	189	205	401	126	113	189	149	150	149	122	140	154
1967												
Jan.	191	205	403	127	114	193	150	151	149	123	141	157
Feb.	192	206	403	128	114	193	151	151	149	124	142	158
March	192	206	403	128	115	194	151	152	149	125	143	158
April	193	207	403	129	115	194	151	152	149	125	143	158
May	193	209	403	129	115	195	152	153	149	125	143	159
June	194	210	403	129	115	194	152	154	149	125	143	158
July	195	212	407	129	115	195	153	156	151	126	143	159
Aug.	195	212	407	130	115	195	153	156	151	126	143	159
Sept.	197	216	407	130	116	196	154	159	151	126	143	160
Oct.	198	217	419	130	116	197	156	159	155	126	144	161
Nov.	202	223	419	132	117	202	159	164	155	128	146	164

PRODUCTION—INTERNAL TRADE

Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1964	148	149	154	136	129	170	148	143	148	53 200	156
1965	159	160	166	142	133	182	161	152	159	51 905	170
1966*	166	159	173	154	118	191	162	165	165	46 507	174
1966*											
March	181	186	189	166	149	207	189	173	162	4 198	175
April	162	159	165	156	136	172	160	163	163	3 177	174
May	168	163	176	158	133	190	165	167	164	12 681	180
June	159	157	160	157	122	173	158	162	164	2 305	174
July	120	73	133	107	96	186	81	118	163	910	157
Aug.	167	149	171	165	100	196	149	175	164	1 793	178
Sept.	178	173	184	168	121	206	176	177	166	2 630	199
Oct.	186	176	196	169	111	215	181	189	172	3 116	188
Nov.	182	176	191	167	104	208	181	186	172	3 048	188
Dec.	168	168	176	151	107	186	169	168	172	3 688	200
1967*											
Jan.	177	173	185	162	111	203	174	174	174	3 835	140
Feb.	171	175	176	160	130	187	175	169	173	5 079	161
March	175	181	180	164	134	196	177	170	172	5 029	177
April	182	177	188	173	140	205	174	184	171	4 492	191
May	171	168	175	166	136	186	168	172	167	9 435	190
June	156	159	154	160	107	157	156	164	161	2 148	175
July	123	80	135	112	92	185	76	124	169	955	159
Aug.	174	154	177	176	113	196	155	184	172	1 978	189
Sept.	177	170	181	173	117	197	168	181	167	2 488	197
Oct.	189	191	194	181	120	202	188	195	173	3 166	223

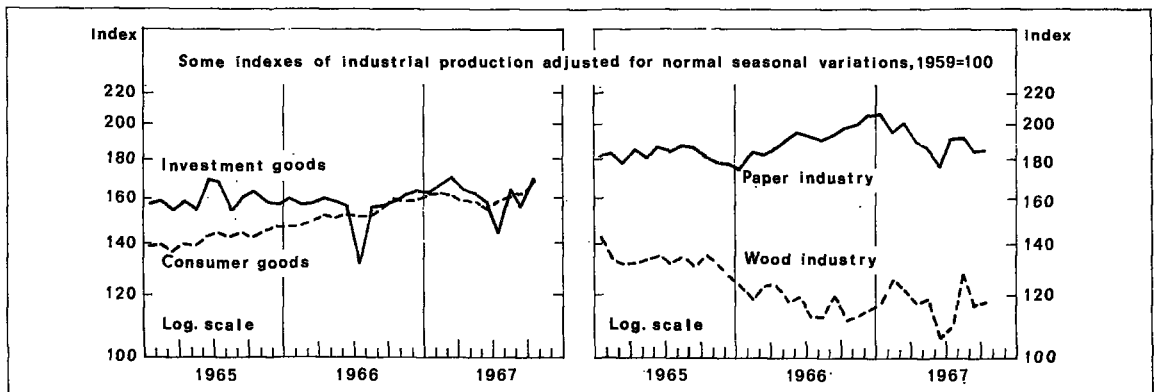


March 1963 figures are affected by strikes. Seasonally adjusted series are corrected for estimated strike effects.

BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1964	24.59	10.57	2.43	7.61	2.80	28.75	164	154	172	162
1965	27.04	10.96	2.58	9.20	3.12	31.31	180	177	192	176
1966	26.54	11.26	2.80	8.19	3.00	36.34	192	197	200	190
1966										
July-Sept.	7.15	2.36	0.99	2.09	1.20	38.83	198	197	215	195
Oct.-Dec.	9.92	4.61	1.16	2.91	0.83	35.40	198	200	207	195
1967*										
Jan.-Mar.	6.12	2.47	0.31	2.66	0.50	32.67	202	205	218	201
Apr.-June	..	..	..	..	..	..	205	216	218	203
July-Sept.	..	..	..	..	..	..	209	213	230	209

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons				1 000 man-months		% of total labour force	
	1966	1967*	1966	1967*	1966	1967*	1966	1967*	1966	1967*
Jan.	118	123	724	840	561	692	1 896	1 846	2.2	3.1
Feb.	118	125	434	615	268	502	1 869	1 836	2.4	3.1
March	140	133	518	756	347	627	1 877	1 824	2.1	2.6
April	134	140	621	834	561	676	1 905	1 848	2.0	2.5
May	136	129	1 091	1 119	876	972	1 953	1 918	1.3	2.1
June	131	124	1 353	1 386	1 211	1 240	1 905	1 883	1.0	2.1
July	121	116	1 586	1 511	1 395	1 390	1 728	1 656	0.9	2.2
Aug.	138	130	1 367	1 436	1 286	1 371	1 833		1.1	2.4
Sept.	139	126	1 213	1 240	1 077	1 063	1 969		1.0	2.6
Oct.	140	136	1 086	1 169	856	936	1 955		1.4	3.1
Nov.	133	127	1 089	1 090	830	897	1 955		1.2	
Dec.	120		994		805		1 912		1.7	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

PRE-1963 VALUES ARE GIVEN IN THE NEW MONETARY UNIT, ONE NEW MARK BEING EQUIVALENT TO ONE HUNDRED OF THE OLD MARKS.

BANK OF FINLAND

Page 3. The items of the statement of the Bank of Finland are described in Monthly Bulletin No. 10, 1955, p. 25.

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities, *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* — Advances for stand-by stocks — Finnish term liabilities (Treasury). *Foreign exchange situation*: Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.

Page 5. *Other advances* = Inland bills in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Other Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

Commercial bank and mortgage bank figures obtained from the official bank statistics, savings bank figures from the Central Statistical Office, other figures from the respective credit institutions or their central banks.

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks, co-operative credit societies, and mortgage banks. *Term deposits in all credit institutions* includes a small amount of deposits in mortgage banks. *Indexed deposits and high-interest deposits* are included in term deposits.

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public.

STATE FINANCES

Page 8. Official monthly figures adjusted by the Bank of Finland Institute for Economic Research. *Revenue and expenditure*: All extra-budgetary funds are included, and figures are reported on a payment basis. — Annual figures will be published in separate articles. *Debt*: Index-tied bond loans are given at their nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to the Post Office Savings Bank minus cash holdings (net) of State departments. In principle, the change in this item = surplus (deficit) in the table on revenue and expenditure. The small divergence is due to the fact that the adjustment of the monthly figures is not as accurate as that of the annual (December) figures.

BALANCE OF PAYMENTS

Page 9. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 10): The indexes are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indexes corresponds to the annual level of the Fisher index formula. Seasonal variations are not eliminated. Terms of trade: the ratio of export indexes to import indexes. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

Page 13. *Wholesale price index* and *Building cost index* calculated by the Central Statistical Office. *Cost of living index* and *Consumer price index* calculated by the Ministry for Social Affairs.

PRODUCTION — INTERNAL TRADE

Page 14. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the international nomenclature (ISIC). The seasonally adjusted series is calculated by the Bank of Finland Institute for Economic Research on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 14.3, other producer goods weight 57.0 and consumer goods weight 28.7. Special manufacturing indexes: wood industry ISIC no. 25, weight 6.6, paper industry no. 27, weight 13.1, metal industry nos. 34—38, weight 23.5, and other manufactures nos. 20—24, 26, 28—33, 39, weight 44.0. *Commercial timber fellings* calculated by the Ministry of Communications and Public Works. Beginning June 1964 an additional series has been collected by a new sample method. As the compilation of old series has been ended, the figures since July 1965 have been calculated by extrapolating the level of old series with the percentage changes of the new series. These calculations have been made by the Bank of Finland Institute for Economic Research. *Wholesale trade volume index* calculated by the Ministry of Finance.

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

Page 15. *Building* figures supplied by the Central Statistical Office. *Index of salary and wage earners' earnings* calculated by the Central Statistical Office. Beginning 1957, the weights employed are determined according to the structure of total earnings in 1957; for 1954—1956, the weights are in accordance with earnings in 1951. *Railway* figures supplied by the Board of Railways. *Shipping* figures supplied by the Shipping Board. *Labour input and unemployment* figures supplied by the Labour Research Bureau of the Ministry of Communications and Public Works, both based on the labour force sample survey. Labour input represents the estimated average number of days worked. (See article in No. 10, 1960 of this Bulletin).

SYMBOLS USED

* Preliminary . Less than half the final digit shown . Logically impossible .. Not available — Nil

A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia 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 period, March 1, 1962, to March 1, 1968, is Urho Kekkonen.

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 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6) and Finnish Farmers' Party 1.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. On an average 15.8 % of the land in the South of Finland is cultivated (1960), 2.3 % in the North and 9.2 % of the land as a whole. Of the land area 21.8 mill. ha (53.9 mill. acres), or 71.3 %, are covered by forests.

OWNERSHIP OF LAND (1960): The total land area was distributed among different classes of owners approximately as follows: private 60.9 %, State 31.8 %, joint stock companies etc. 5.6 %, municipalities and parishes 1.7 %.

POPULATION

NUMBER OF INHABITANTS (1965): 4.6 million. Sweden 7.7, Switzerland 5.9, Denmark 4.8 and Norway 3.7 million.

DENSITY OF POPULATION (1965): In South Finland 25.7, in North Finland 4.2 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1965): 56 % of the population inhabit the rural areas, 44 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 505 900 inhabitants, Tampere (Tammerfors) 142 000, Turku (Åbo) 140 400.

OCCUPATIONS (1960): Agriculture and forestry 32 %, industry and construction 31 %, commerce 9 %, transport and communications 7 %, services 11 %, economically inactive independent persons 11 %.

LANGUAGE (1960): Finnish speaking 92.4 %, Swedish speaking 7.4 %, others 0.2 %.

EDUCATION (1965): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1965): births 16.9 ‰, deaths 9.6 ‰, increase 6.1 ‰. Deaths in France 11.1 ‰ and Great Britain 11.5 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1966, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 144 (9 %), forestry and fishing 1 843 (8 %), manufacturing 7 203 (29 %), construction 2 406 (10 %), transport and communication 1 798 (7 %), commerce, banking and insurance 3 263 (13 %), public administration 1 073 (4 %), other services 4 898 (20 %), total 24 628. Index of real domestic product 170 (1954 = 100).

FOREST RESOURCES (1960—1963): The growing stock comprised 1 410 million of solid cu. m incl. bark (49 797 million

cu. ft.), of which pine 43 % and spruce 38 %, the rest 19 % being leaf-trees, chiefly birch. Of the growing stock 13 300 million cu. ft, 56 % of them pine, was up to the standard required for logs. The annual growth is 43 million solid cu. m green wood excl. bark (1 519 mill. cu. ft.). The total removal in 1963 calculated according to the use of wood was 51 million cu. m excl. bark (1 815 million cu. ft.).

AGRICULTURE (1960): Cultivated land 2.6 million hectares of which holdings of less than 5 ha. amount to 17 %, 5 to 15 ha. 48 %, 15 to 50 ha. 30 % and more than 50 ha. 5 %. Number of holdings 388 000, of which 184 000 are of more than 5 ha. Index of agricultural production 137 for 1965 (1954 = 100). Measure of self-sufficiency in bread cereals 91 % in the crop year 1964/65.

INDUSTRY (1964): Gross value of industrial production 17 450 mill. marks, number of workers 349 000, salaried employees 76 400, motive power (1964) 4.6 mill. HP. Index of industrial production 148 for 1964 (1959 = 100).

RAILWAYS (Jan. 1, 1967): Length 5 556 km, of which 5 545 km are State and 11 km private railways.

MERCHANT FLEET (Dec. 31, 1967): Steamers 101 (170 386 gross reg. tons), motor vessels 407 (925 034 gross reg. tons), sailing vessels with auxiliary engines 17 (2 448 gross reg. tons). Total 525 (1 097 868 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1966): Passenger cars 505 900, lorries and vans 85 200, buses 7 200, others 3 800. Total 602 100.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1966): Kilometres flown 14.5 million, passengers carried 768 757, passenger kilometres 409.7 million, and ton kilometres of freight and mail 7.9 million.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish marka). From Oct. 12, 1967, the par value of the mark has been changed from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Finland has been a member of the International Monetary Fund since 1948.

MUNICIPAL FINANCES. In the finance accounts for 1965 expenditure amounted to 3 628 mill. marks. Total revenue was 3 684 million, of which income from taxation 1 880 million. The municipal income tax (non-progressive) averaged 12.20 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland 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, 1966). There are two big and four small commercial banks with in all 783 offices, 356 savings banks, 483 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from the public. The National Pension Institute and sixty-four private insurance companies also grant credits.

RATES OF INTEREST (June 1, 1966). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 ½ %, 12 months' deposits 6 %, 100 per cent index-tied deposits 3 %, 50 per cent index-tied deposits 4 %; highest lending rate 10 %.

THE PROFITABILITY OF FOREST PLANTATIONS IN FINLAND

BY

LAURI HEIKINHEIMO

PROFESSOR OF FORESTRY ECONOMICS AT THE FOREST RESEARCH INSTITUTE

In 1964 the Economic Council requested a group of forestry experts to prepare a report of the development of Finland's forest resources up to the beginning of the next century, based on the assumption that production of the wood and pulp industry would grow by 2 per cent per annum in 1968—1975 after which total removals would continue to rise by 1/2 per cent per annum.

The group made three alternative forecasts¹⁾ of the annual drain, the growing stock, the annual growth and corresponding silvicultural measurements. The alternative which would allow the drain to expand as much as was assumed, seemed to entail the planting and sowing of forests which so far have been mainly regenerated naturally, so that the total area thus cultivated would increase from 125 000 hectares in 1964 to some 300 000 hectares from 1980. Fertilization of woodlands should also expand from 7 000 hectares in 1964 to 1 million hectares from 1975 and drainage of peatlands for forests from 155 000 hectares in 1964 to 250 000 hectares per annum from 1971. If the silvicultural programmes are not implemented and if the drain continues to increase

as assumed, Finland's pulp and in particular the wood industry would encounter a severe shortage of raw material, especially at the end of this century.

Based on this forecast a forestry financing programme (MERA programme) was drawn up by an expert committee on the initiative of the Bank of Finland. The programme proposed that one third of all cultivation measurements in private forestry should be subsidised by State grants and that the State should also provide finance for fertilizations and continue to subsidize drainage work and road-building.

The financial programme of the committee was almost entirely included in the State budget from 1965 and an intensive campaign was started by the organizations concerned with reforestation work in private forestry to persuade owners to clearcut and regenerate unproductive stands on fertile soils with good and dense plantations. The cultivated area rose to some 140 000 hectares in 1965 but stagnated at that level mainly because of a shortage of seed and plants and also because of the recession in stumpage prices after 1965. In 1967 the area under fertilization will be just over 80 000 hectares. Drainage has always been readily accepted by the forest owners as an investment pro-

¹⁾ Ervasti, Heikinheimo, Holopainen, Kuusela and Siren: The Development of Finland's Forests in 1964—2000. Silva Fennica 117, 1965.

ject and thus the forest drainage area will in 1967 exceed that planned in the programme and be nearly 280 000 hectares.

In this connection a lively discussion has arisen as to how profitable is the rather heavy expenditure involved in artificial regeneration by planting or sowing compared with that on natural regeneration by leaving seed-trees.

Only a few studies on the profitability of forestry and still fewer on that of forest plantations have so far been made in Finland. Therefore in this article the main emphasis is placed on methodological aspects. Results of real calculations are given only in so far as they have been recently published in a study of prices, costs and profitability in Finnish forestry.²⁾ Consideration is made only of the period when the wood is growing, where the stumpage is the revenue and costs are due to silviculture. Accordingly the felling phase is not taken into account.

The simplest way to estimate the advantageousness of regeneration by planting in place of natural regeneration by leaving seed-trees, is to compare the revenue and costs in both cases. To avoid non-comparability caused by different age structures a model of a normal forest is often used. The forests to be compared are taken to consist of as many stands of, for example, one hectare as there are years in the rotation (the age of a stand when clearcut and then regenerated). Every year the oldest stand is cut and replaced by a new plantation.

No comparisons of costs and revenue for fully-stocked, naturally regenerated and planted "normal forests" have so far been made. In the above-mentioned study however, a comparison was made of the average

contemporary forest and of planted fully-stocked forests on different types of sites in South Finland. The results show that the planted, fully-stocked forest in most cases could yield a revenue about twice as large as that from the forests we now have in South Finland. As the proportional costs would be considerably less — only 5 to 10 per cent of the gross revenue compared with 15 to 20 per cent now — the net revenue could be more than doubled by switching to regeneration by planting and intensive silvicultural measures (excluding fertilization).

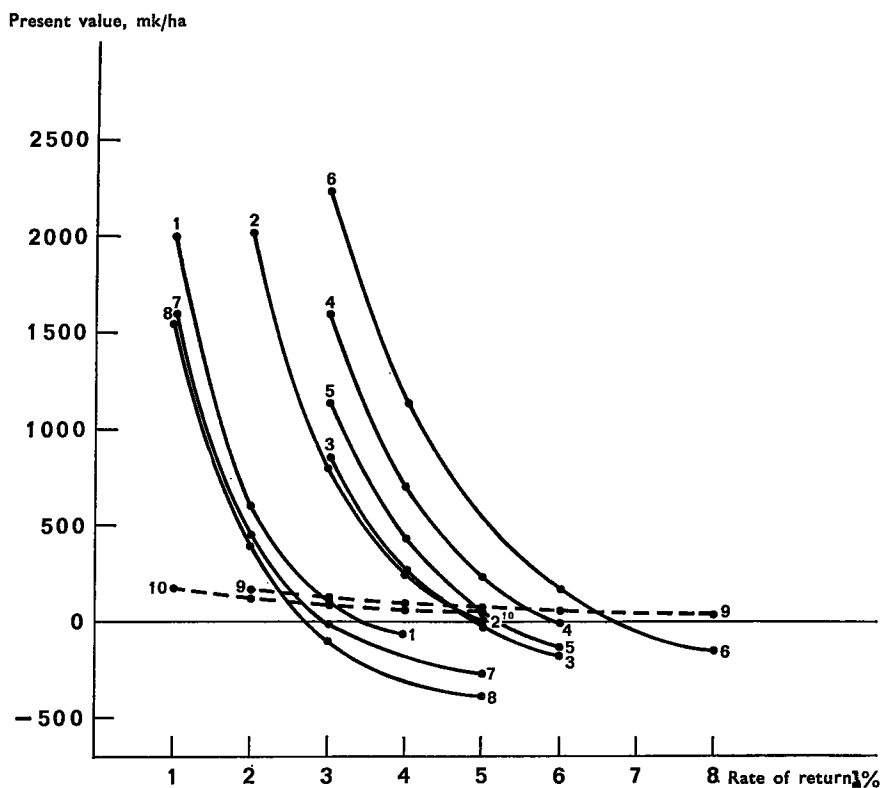
In the light of these calculations the change over to planted forests would seem to be highly profitable. This would be the case if no interest on the additional capital needed for the planting is required.

There has been much discussion concerning the nature of regeneration costs. The change from natural regeneration to planting no doubt requires an additional input of labour and capital, in Finland altogether some 500 marks per hectare, which is not released until the stand is felled at the end of the rotation period. From this point of view, the additional cost can be treated as an investment and the determination of the most economic regeneration method as an investment calculation where all expected costs and revenue are discounted to the present time and subtracted. This can be done using the Faustmann formula which presupposes a bare land at the beginning of the calculation period.

In Chart 1 some calculations of this kind have been made with different rates of return for man-made forests on various sites in South and North Finland. The graphs illustrate that in the northern half of Finland and also on dry soils in South Finland sown and planted stands seem to yield less interest on the capital invested than the 3 per cent return on index-tied

²⁾ Heikinheimo, Kuusela and Sivonen: *Metsä-talouden hinta-, kustannus- ja kannattavuusarvio*. Publications of the Bank of Finland Institute for Economic Research. C 5, 1967.

Chart 1. Internal rate of return for plantations established on bare land



Revenue minus establishment costs:

South Finland

1. Sown pine stand on very dry site
2. » » » on dry site
3. Planted pine stand on dry site
4. » » » on moist site
5. Planted spruce stand on moist site
6. » » » on fertile site

North Finland

7. Sown pine stand on moist site
8. Planted pine stand on moist site

Other costs:

9. South Finland
10. North Finland

For South Finland the intersection of curves 1—6 and 9 and for North Finland that of curves 7—8 and 10 show the internal rate of return of an investment at which the discounted value of revenue is equal to the discounted value of costs in the first rotation period.

bank accounts. On better sites in South Finland, and on those a little lower than average, with average or better transport facilities and stumpage prices the yield measured in this way would be some 5 per cent or more. Even on fairly dry *Vaccinium*-type soils which are usually pine growing, the yield is more than 4 per cent. It should be noted, however, that all these figures are based on the assumption that the bare land itself has no value. If a price must be paid for the land to be afforested, the yield is accordingly lower, as can be seen from the chart.

The calculations mentioned were based on the trend value, from the period 1920—1965, of the real stumpage prices for 1965 (see Chart 2). During that period, however, the real stumpage prices for sawn wood in Finland have risen by 2.4 per cent per annum. The real prices for other types (mainly pulp wood) have probably shown a somewhat similar trend. If this upward trend continues it should of course be taken into account in the investment calculation. The yield would then increase by over 2 percentage points and make the establishment of forest plantations on the whole more profitable than bank accounts (3 per cent interest) in South Finland and also in many cases in North Finland.

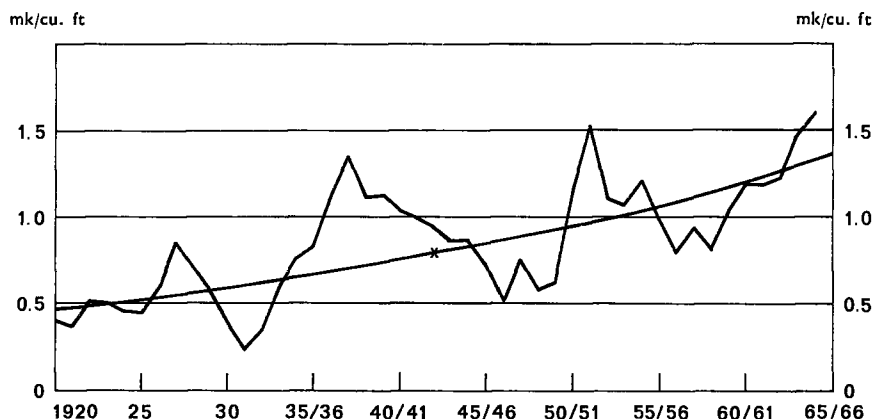
The calculations mentioned so far have included one single stand only. A forestry enterprise, however, usually owns numerous stands of different ages so that a more or less continuous income from the forest can be received. To ensure an even and continuous income from the enterprise, a production plan is often made for ten years or more. A shift from natural regeneration to planting means an acceleration in production and a shorter rotation period (between two clearcuts on the same land). The decrease in this period can be up to 15 to 20 years in South Finland and much longer

in the North. For this reason in an enterprise where the amount of cuttings must be fairly even, they could be raised to a somewhat higher level immediately after the shift to regeneration by planting has started. Although the increase in cuttings might only be small, it has a decisive effect on the profitability of forest cultivation. It has been calculated that in South Finland on average there could be a rate of return of 10 to 15 per cent on investments in plantations if there must be a sustained and even yield.

It must be noted, however, that the forestry legislation in Finland does not compel forest owners to maintain removals on a sustained yield basis. Therefore those private forest owners who are not interested in an even income from their forests on a long-term basis, might cut their stands as fast as they reach the right age and regenerate them naturally as the law requires. In such cases the only immediate gain from planting compared with natural regeneration would be that seed-trees need not be left. Apparently the opportunities for immediate income increases are the smaller, the smaller are the forests and the growing stock.

In Finland private forestry is usually integrated with agriculture (farm forestry) or with the woodworking industry. On farms the full employment of farmers and their families, more seldom also of permanent employees, has traditionally been a central problem. As long as more or less hidden unemployment continues to appear on farms in the form of spread mandays because farmers cannot find work outside the farm, the labour could well be used to create forest plantations and could be priced in the investment calculations at a wage lower than the average on the labour market. This has a very important effect on profitability as the labour costs are incurred at the be-

Chart 2. Real stumpage prices for coniferous sawn wood in 1920—1933 and 1934/35—1964/65 and calculated trend ($Y=0.781 + 1.024x$).



ginning of the long calculation period when there is no revenue.

This more effective use of labour in the establishment of plantations could also occur with the integration of forestry with the woodworking industry especially where the supply of forest labour is secured by a permanent labour force which might not be easy to employ fully in the planting season. If an integrated forestry and woodworking industry enterprise wants to switch to artificial regeneration to ensure supplies of raw wood at the margin, it might be reasonable to calculate the stumpage price of these supplies from the final price of the product by subtracting only the variable but not the fixed costs of the whole enterprise. These marginal raw wood supplies would thus obtain a higher than market price and the establishment of planted forests would be more profitable.

A consideration of the whole national economy would suggest that forestry be integrated with both the woodworking industry and agriculture. As long as there is permanent unemployment in agriculture, both hidden and otherwise, and while the

woodworking industry operates with spare capacity because of lack of raw material, the establishment of high productive plantations in place of the present poor productive stands must be more favourable for the whole economy than the ordinary investment calculations show. In large areas a sustained and regular yield often is a necessity. For the whole of the forest area in Finland therefore, the planting and sowing method leads to an immediate gain in higher cutting possibilities, which in many cases covers the costs of establishment of the plantations.

In conclusion it may be said, that on average the establishment costs of plantations are better investments for big forest owners and for the whole national economy than for private and small forest owners. This does not, however, necessarily mean that private forest cultivation costs should as a rule be met by the State. The costs are such a small part of the total revenue that e.g. in Norway it has been thought justifiable to require the forest owner by law to deposit 4 per cent of his total stumpage income on a special individual account

which can only be used to cover planting and sowing costs in the forest in question.

Traditionally taxation has been one of the most important tools of economic policy. In Finland the forest owner as a rule still cannot deduct the individual expenses incurred in his forestry activities from his taxable income, (which depends on the calculated average net income for the taxation area). Before this right to make actual deductions in taxation, which exists in all other industries, and in agriculture from 1968, is also granted to forestry, economic policy cannot be said to have made the most

use of its opportunities to promote this sector.

Forestry, especially in the climatic conditions of the North has an extremely long production period of at least 60—80 years. Therefore investment calculations over such long periods cannot be as accurate as similar calculations in manufacturing or commerce. Forest owners must, however, make investment decisions. The calculations can be guidelines although more uncertain ones than in other sectors. But even an uncertain guideline might be better than wrong information or a guess.

ITEMS

New Governor at the Bank. Mr Mauno Koivisto, Ph. D. has taken up his duties as the Governor of the Bank of Finland on January 1, 1968. Mr Koivisto was the Minister of Finance in the present Government until the end of 1967.

*

New Minister of Finance. On December 29, 1967, the President of the Republic appointed Mr Eino Raunio Minister of Finance as from January 1, 1968. Mr Raunio has been a Member of Parliament since 1939 and chairman of the finance committee of the Diet since 1966.

*

Jubilee Fund for the Fiftieth Anniversary of Finland's Independence. In December 1966 the Board of Management of the Bank of Finland put forward to the Bank

Supervisors a proposal that to commemorate the fiftieth anniversary of Finland's independence in 1967 bonds, the nominal value of which should equal 100 million marks, should be transferred to a special Fund. This was accepted by the Bank Supervisors and in June 1967 Parliament decided to establish the Jubilee Fund for the Fiftieth Anniversary of Finland's Independence; in December the rules of the Fund were sanctioned by Parliament. The Fund is run by the Bank of Finland and its proceeds are used for financing measures which will support the stability of the mark, speed up the economic growth of the country and improve Finland's competitive position. The Fund will give assistance to initiate studies and reports on how to implement these aims. Similarly, it will finance, by means of contributions and loans, individual and group research and support the development of production. In

addition, the Fund may provide finance to back individual experiments with measures which might be adopted on a larger scale. The Bank Supervisors will decide on the utilization of the funds on the proposal of the Board of Management of the Bank of Finland.

*

Trade agreement between Finland and the USSR. On December 1, 1967, a trade agreement for 1968 was signed between Finland and the USSR. This is the third agreement within the framework of the fourth five-year pact covering the period 1966—1970 and signed in August 1964. The total exchange of goods is estimated to be 450 million roubles which is not quite five per cent more than in 1967 and about 13 per cent higher than suggested in the five-year pact.

Finland will export machinery for two sulphate pulp mills, one with an annual capacity of 414 000 tons and one with an annual capacity of 250 000 tons of bleached sulphate pulp, for two paper mills, one with an annual capacity of 240 000 tons of newsprint and one with an annual capacity of 220 000 tons of sack paper, and for a pulp mill with an annual capacity of 200 000 tons of viscose pulp, and special machinery for two sulphate pulp mills each with an annual capacity of 250 000 tons. Finland will also send one icebreaker with 22 000 HP, one cable ship, 3 motor cargo vessels, 9 timber transport vessels, 8 tankers, 3 house boats, 4 motor cargo vessels for inland waters, various raw materials, 110 000 tons paper, 50 000 tons board, 95 000 tons cellulose, furniture for the value of 3 million roubles, agricultural products for 10—15 million roubles and textiles and footwear for 5 million roubles.

Among imports from the USSR, there will be various workshop machinery, electro-

technical machinery, mechanical handling equipment, machines for the chemical, textile and printing industries, measuring instruments, bearings, tractors and 10 500 cars (2 000 more than in 1967), 500—700 000 tons of coal and anthracite, 4.6 million tons raw oil, 1.9 million tons diesel oil, silver and platinum, seeds, linen, fibres, salt, sunflower seeds and canned fish. Imports of raw wood will amount to 1 650 000 cu.m. against 2 million cu.m. in 1967.

Frontier trade will be agreed upon separately.

*

Payments Agreement between Finland and Columbia. The document establishing the discontinuation of the bilateral trade agreement between Finland and Columbia was signed on December 28, 1967. From January 1, 1968 payments between the countries will be made in convertible currencies; however, one half of the exports from Finland will be paid for in convertible currencies and one half will be settled by crediting the liquidation account of the State Bank of Columbia at the Bank of Finland, until Finland's debit balance is paid off from this account.

*

Oy Karl Fazer Ab borrows Sfr. 4 500 000. Oy Karl Fazer Ab (Confectionery industry) has issued external loan bonds of Sfr. 4 500 000. The offer has been underwritten by a consortium headed by Bank Hofmann AG, Zurich.

The loan with an annual interest rate of 6 per cent is current for a period of 8 years starting November 30, 1967. It is issued at par and will be redeemed on November 30, 1975. The issue is guaranteed as regards both principal and interest by Oy Pohjoismaiden Yhdyspankki (Ab Nordiska För-

eningsbanken). The bonds are quoted on the Zurich Stock Exchange.

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Domestic bond issues. The Government has announced the following bond issues.

The 1967 II issue of 8 per cent bonds amounting to 20 million marks for subscription by the banking institutions. The bonds, dated October 2, 1967, will run for a period of five years and the loan is issued at par.

The 1967 issue of employment bonds of 7 million marks. The bonds are dated October 2, 1967 and will mature in 25 years. The rate of interest is $7\frac{1}{2}$ per cent. The loan has a 50 per cent index clause and is issued at par.

The 1967 II issue of $6\frac{1}{2}$ per cent bonds amounting to 20 million marks for subscription by the banking institutions. The bonds are dated December 1, 1967 and will mature in ten years. The loan carries a 50 per cent index clause. It is issued at par.

The 1968 issue of 7 per cent bonds of 30 million marks. The bonds are dated January 2, 1968, and will mature in 10 years. The loan carries a 50 per cent index clause and is issued at par.

The 1968 issue of $8\frac{1}{4}$ per cent bonds of 20 million. The bonds are dated January 2, 1968, and will mature in 10 years. The loan is issued at par.

The 1968 issue of bonds for subscription by insurance companies, totalling 40 million marks and issued in two groups. Group I (17.5 million) will run for 16 years, and group II (22.5 million) for 25 years. The bonds are dated January 2, 1968. The rate of interest is 7 per cent and is payable semi-annually. The loan carries a 50 per cent index clause. Group I was issued at a price of 95.18, and group II at a price of 93.82.

The 1968 issue of employment bonds of 33.7 million marks. The rate of interest is $7\frac{1}{2}$ per cent. The bonds are dated January 2, 1968 and will mature in 25 years. The rate of interest is $7\frac{1}{2}$ per cent. The loan carries a 50 per cent index clause.

The Government has also given authorization for the following bond issues.

The Real Estate Bank in Finland Ltd. was authorized to make a private bond issue of 5 million marks. The bonds are dated December 1, 1967 and will run for a period of ten years. The rate of interest is $2\frac{1}{2}$ percentage points above the general rate of six month deposits in savings banks. The loan has a 50 per cent index clause and is issued at par.

Kemijoki Oy (power plant) was authorized to make a second private bond issue in 1967 of 10 million marks which was issued in two groups. Group I (5 million) will run for 20 years, and group II (5 million) for 15 years. The bonds are dated November 15, 1967. The rate of interest is 7 per cent payable semi-annually. The loan has a 50 per cent index clause and is issued at par.

Rauma-Repola Oy (wood manufacturers, engineering works, shipyards) was authorized to make a private bond issue in 1967 of 15 million marks. The loan will run for a period of 15 years at a rate of 7 per cent payable semi-annually. The loan has an index clause of 50 per cent. It is issued at par.

All loans with an index clause are tied to the cost of living index with the exception of the bond issue by Rauma-Repola Oy which is tied to the wholesale price index.

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Certain reductions in the Export Levy. In accordance with the stipulation in the Export Levy Act issued on October 20,

1967, the Cabinet modified on October 27 the uniform export levy of 14 per cent. The decision was retroactively applied to goods which were exported on or after October 21, 1967, i.e. since the original Export Levy Act came into force. (See front article, in Bulletin No. 12 and item on Export Levy Act in Bulletin No. 11).

At the beginning of December the Cabinet decided to reduce the export levy further. According to the decision which came into force on December 11, 1967, a new 13 per cent category was established to supplement the previous five export levy groups (the percentages of which are 14, 11, 8, 5 and zero respectively).

The export levy is 13 per cent instead of 14 per cent of the export price of paper and paperboard (in the Brussels Nomenclature item 48 with the exception of 48.07.110, 48.07.900 and 48.09). The full

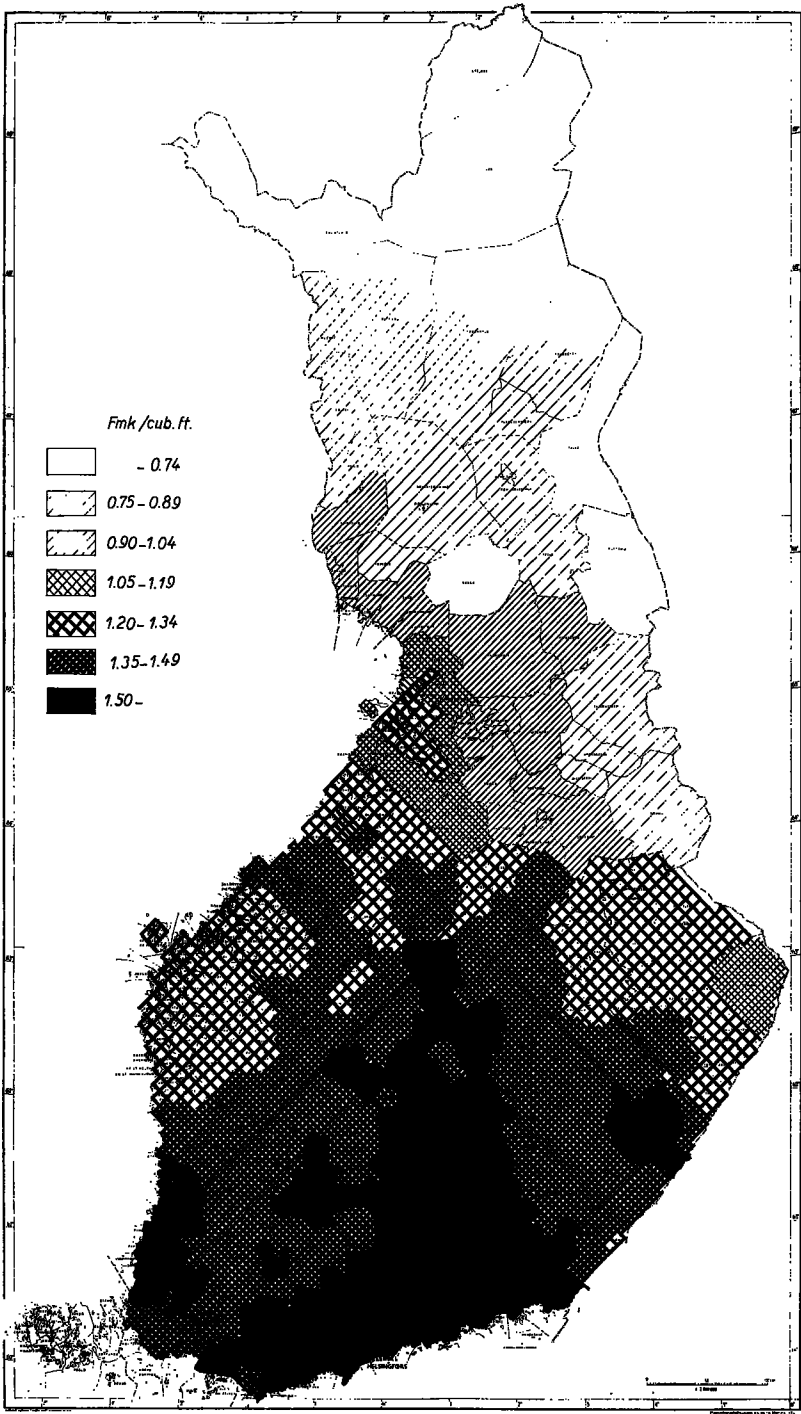
export levy of 14 per cent is still applied to pulp as well as some other groups.

The export levy was reduced from 14 to 11 per cent for sawn goods, plywood, certain kinds of fibre building board, matches and ceramics. The percentage was lowered from 8 to 5 for iron and steel bars and rods, non-electric central heating elements, locks and padlocks, refrigerators and electric stoves. The average export levy is estimated to be 10—11 per cent.

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Changes in the statistical tables. On page 9 Balance of Payments statistics are inserted (see explanations on page 16). Page 10 now contains export and import values and unit value indexes and page 11 foreign trade by main groups. The table exports of some important articles on page 11 in the previous issues is excluded.

Stumpage prices of coniferous saw-logs in Finland in felling year 1966/67



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