



BANK OF FINLAND

Monthly Bulletin

**The short-term outlook for Finland's
trade with the socialist countries**

Public finance in 1973

Direct investment in 1973

**Inflow of long-term capital in January—
March 1974**

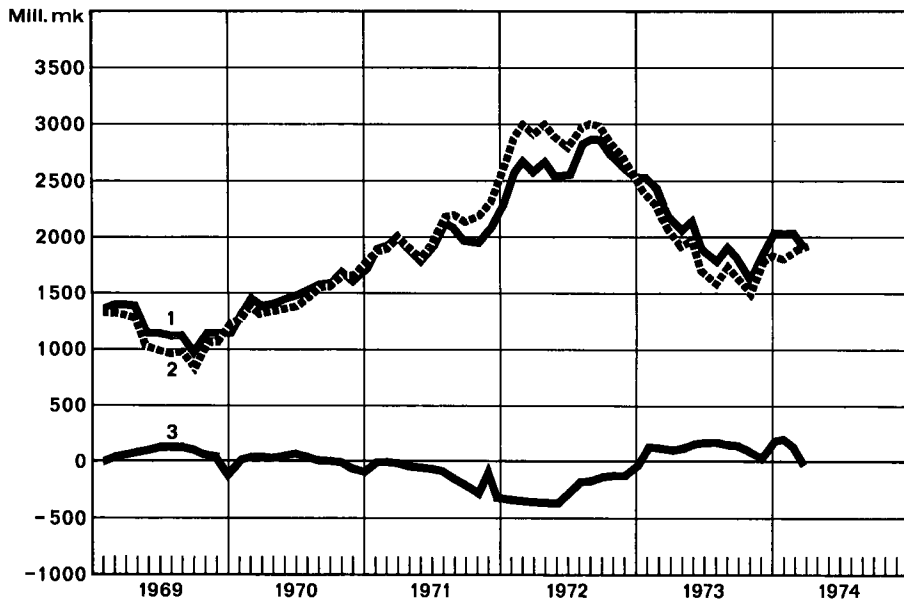
Supplementary budget

Death of Dr. Timo Helelä

JUNE 1974

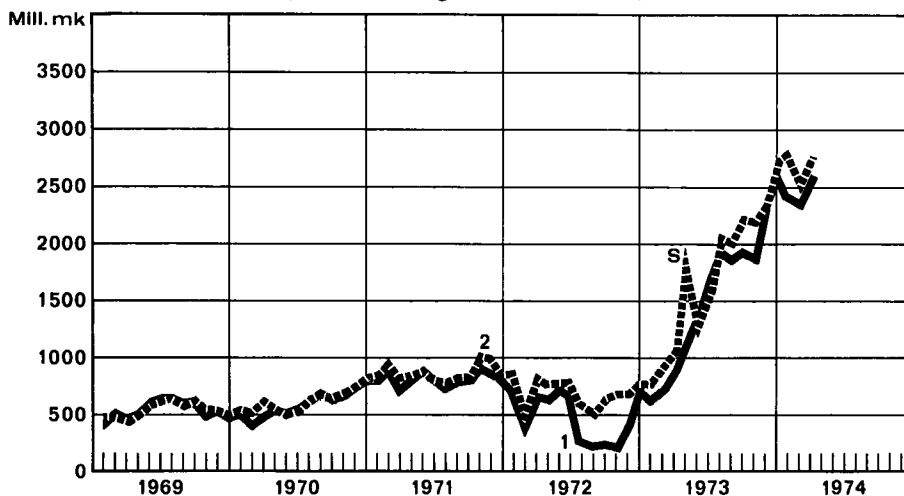
Vol. 48 No. 6

Bank of Finland foreign exchange reserve, 1969-1974



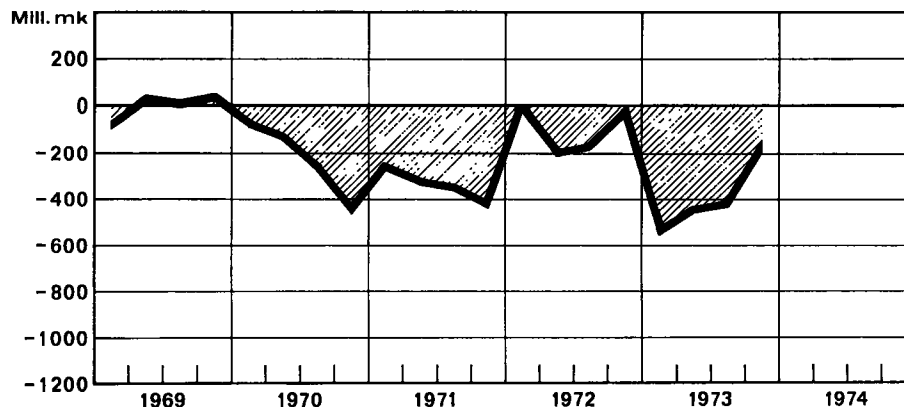
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

Bank of Finland's position in regard to the banks, 1969-1974



- 1. Net claims on the banks
 - 2. Discounted and rediscounted bills
- Seasonally adjusted end-of-month figures

Balance of payments current account surplus / deficit, 1969-1974



Seasonally adjusted quarterly figures

COLLECTIVE AGREEMENTS FOR APRIL 1974— JANUARY 1976

At the end of March the labour market organizations signed a framework agreement for wages and salaries in the period from April, 1974 to January, 1976. This was accompanied by several fiscal and social policy measures and an agreement on farmers' income, and can be viewed as a continuation of the comprehensive incomes policy first implemented in 1968. This year there were strong reasons for concluding such an agreement as inflation had accelerated considerably in 1973.

No agreement between the central labour market organizations was concluded for the period from April, 1973 to March, 1974, but individual agreements were made by branch. Negotiated wages and salaries were raised on average by about ten per cent. As a result of the rapid cyclical upswing, the economy started to show clear signs of overheating and inflationary pressures grew stronger. There was shortage of skilled labour in southern Finland, which was reflected in substantial wage drift. Employers' social security contributions increased faster than total wages and salaries, and the total increase in labour costs came to 16 per cent. The rapid rise in import and export prices tended to place further pressure on prices, with the result that the increase in real earnings during the last agreement period was relatively small compared with the previous periods.

It was expected in the autumn of 1973 that the growth rate of the economy would slow down during the current year, but the energy crisis gave rise to great uncertainty and further expectations of reduced growth in real incomes. The energy crises also hampered efforts to balance the trade account and rein in inflation. It is estimated that the rise in energy prices will raise consumer prices by about six per cent. Accelerating international inflation will push

up the domestic price level further, and the increase in costs will place great upward pressure on agricultural prices. At the time the incomes policy negotiations were carried out, there were thus a number of exogenous factors which were known to affect price developments in Finland. For this reason it was difficult to conclude an agreement which would secure a moderate rise in real earnings and at the same time not hamper economic growth.

As early as the summer of 1973 the Government and the labour market organizations discussed the conditions for a comprehensive agreement. In the autumn the Government declared in its budget proposal for 1974 that it clearly preferred a two-year agreement, and the change in economic conditions convinced many interest groups of the necessity for a longer-term agreement. The Government also stated that it aimed to help secure real earnings by adjusting tax scales. This statement formed the basis for working out a comprehensive agreement which the State Incomes Policy Negotiator submitted to the interested parties. The framework agreement, which is not binding on the individual unions, was signed by the central labour market organizations. In connection with this, the agricultural organization and the Government concluded an agreement on farmers' income, and the Government promised to submit the necessary proposals to Parliament.

The agreement period extends for 22 months, from the first of April, 1974 to the end of January, 1976. During this period, negotiated wages and salaries will be raised four times, i.e., in April and September of 1974 and of 1975. The increases will be made mainly by raising flat money wage rates, but each year a percentage adjustment will be made. The use of this adjustment will be agreed upon separately sector by sector. In 1975 all employees

are to be guaranteed a wage drift rise of two per cent. It is estimated that the agreements will raise the average level of earnings by ten per cent during the current year and by slightly more than ten per cent next year.

This time the comprehensive agreement requires more changes in the law than before. The impact of direct taxation will be reduced in two stages, i.e., by 950 million marks this year and by about 400 million marks next year. However, for counter-cyclical policy reasons, the collection of prepayments will not be revised this year until the beginning of June. The tax reduction will be the largest for those whose pre-tax income is between 20 000 and 30 000 marks per annum. For these people the tax relief will be between 3 and 4.5 per cent.

The present agreement also includes a number of social policy measures designed to help recipients of employment pensions and families with children. Employment pensions will be revised so that they will amount to 60 per cent of the pensioner's final pay. The revision will affect all private employment pension schemes which cover about 1 800 000 persons. The revision will come into force on July 1, 1975, and the new scheme will apply to pensioners who reach their retirement age then or thereafter. Attempts will be made to improve the position of families with children through a number of different measures. Child allowances will be raised by 25 per cent during the two-year period, and maternity allowances will be paid for a period of six months rather than the current three months. Furthermore, the maternity allowance will be raised, and more families with children will be made eligible for housing subsidies by raising the incomes limits. The revisions will be financed by raising the employer's employment pensions premium in three stages, i.e., at the beginning of 1975, 1976 and 1977. The employer's contribution to child allowances will be raised by 0.25 percentage points from the middle of 1975. The employer's employment pension premium

was raised on the basis of previous decisions from the beginning of this year, and labour costs are estimated to rise by 0.4 per cent this year and by 0.7 per cent next year, as a consequence of the social reforms.

This year agricultural target prices will be raised in two stages by a total of more than 15 per cent and by about 10 per cent next year. The rise in the cost level in agriculture will be partly made up by state subsidies.

An essential element in the agreement is a tightening of price controls. Some of the price pressure will be shifted on to prices at a later stage. A complete price freeze for the remainder of the month was declared on March 8. Thereafter comprehensive price regulation will be in force until August 31, 1974; the range of commodities subject to regulation will be expanded, and further price rises will be allowed only on special conditions. Price regulation will then be gradually relaxed in six stages, so that it will be at its easiest when the agreement period ends in the beginning of 1976. Attempts will be made to weaken the upward pressure on prices during the agreement period by cutting housing costs through public measures.

The use of general index linkages will continue to be prohibited until January 31, 1976. They will be allowed only in limited instances. In granting permission for such linkages, principles similar to those previously followed will be used.

The collective agreements include stipulations that the central organizations are to meet in January 1975 to discuss economic developments during the agreement period and to decide upon any measures that need to be taken. In case the organizations do not reach unanimous agreement about such measures, the parties may, with the permission of their central organizations, break off the agreement after March 31, 1975.

April 26, 1974

BANK OF FINLAND

Mill. mk

	1973		1974				
	April 30	Dec. 31	April 8	April 11	April 23	April 30	
Assets							
Gold and other foreign assets	2 399	2 493	2 413	2 385	2 347	2 311	
Gold	205	121	121	121	121	121	
Special drawing rights	283	285	285	285	285	285	
IMF gold tranche	268	268	268	268	268	268	
Foreign exchange	1 421	1 546	1 429	1 398	1 354	1 312	
Foreign bills	104	96	131	132	138	144	
Foreign bonds	118	177	179	181	181	181	
Claims on domestic banks	2 037	2 617	2 764	2 676	2 754	2 833	
Discounted bills	2 036	2 556	2 615	2 555	2 615	2 677	
Rediscounted bills	1	—	—	—	—	—	
Cheque accounts	—	61	149	121	139	156	
Other lending	330	362	359	361	361	362	
Inland bills discounted							
In foreign currency	—	—	—	—	—	—	
In Finnish marks	43	58	72	72	74	79	
Loans	287	304	287	289	287	283	
Other assets	958	598	675	651	854	731	
Finnish bonds	389	33	100	78	280	156	
Finnish coin	33	25	37	35	36	35	
Currency subscription to Finland's quota in the IMF	530	530	530	530	530	530	
Other claims	6	10	8	8	8	10	
	Total	5 724	6 070	6 211	6 073	6 316	6 237
Liabilities							
Notes in circulation	1 937	1 907	1 741	1 834	1 710	1 806	
Liabilities payable on demand	903	178	393	207	526	353	
Foreign exchange accounts	27	80	91	92	92	120	
Märk accounts of holders abroad	46	67	79	79	77	76	
Cheque accounts							
Treasury	46	2	49	0	48	51	
Post Office Bank	768	2	136	1	282	80	
Private banks	3	—	—	—	—	—	
Other	2	8	6	3	4	5	
Other sight liabilities	11	19	32	32	23	21	
Term liabilities	1 022	2 214	2 205	2 153	2 199	2 196	
Foreign	—	—	—	—	—	—	
Domestic	1 022	2 214	2 205	2 153	2 199	2 196	
IMF mark accounts	530	530	530	530	530	530	
Allocations of special drawing rights	258	258	258	258	258	258	
Equalization accounts	299	171	248	253	253	252	
Bank's own funds	775	812	836	838	840	842	
Capital	600	600	600	600	600	600	
Reserve fund	114	114	163	163	163	163	
Profits undisposed	40	—	49	49	49	49	
Earnings less expenses (Dec. 31, Net profit)	21	98	24	26	28	30	
	Total	5 724	6 070	6 211	6 073	6 316	6 237

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Cheque account	Term liabilities, net	Net liabilities to the Treasury (7+8) ¹
	1	2	3	4	5	6	7	8	9
1967	701	75	626	98	354	370	4	7	11
1968	1 353	62	1 291	125	34	1 382	3	354	357
1969	1 268	92	1 176	517	360	1 333	4	196	200
1970	1 844	106	1 738	639	518	1 859	2	119	121
1971	2 620	327	2 293	686	530	2 449	2	138	140
1972	2 685	121	2 564	757	530	2 791	1	48	49
1973	2 220	147	2 073	803	530	2 346	2	532	534
1973									
April	2 177	73	2 104	752	530	2 326	46	36	82
May	2 280	90	2 190	762	530	2 422	41	34	75
June	1 985	75	1 910	771	530	2 151	5	34	39
July	1 931	96	1 835	791	530	2 096	44	33	77
Aug.	2 113	156	1 957	777	530	2 204	29	32	61
Sept.	2 020	176	1 844	763	530	2 077	50	31	81
Oct.	1 861	169	1 692	768	530	1 930	49	30	79
Nov.	2 060	170	1 890	798	606	2 082	50	530	580
Dec.	2 220	147	2 073	803	530	2 346	2	532	534
1974									
Jan.	2 207	147	2 060	808	530	2 338	1	533	534
Feb.	2 214	143	2 071	817	530	2 358	3	530	533
March	2 104	168	1 936	831	530	2 237	49	529	578
April	1 986	196	1 790	855	530	2 115	51	528	579

¹ New series, see explanations on page 18.

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1973			Net holdings, Feb. 28, 1974			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Feb.	Jan.-Feb
	Gold	121	—	121	121	—	121	—
Special drawing rights	285	—	285	285	—	285	—	—
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 189	165	1 354	1 238	287	1 525	+75	+171
Other currencies	210	2	212	159	—7	152	—74	—60
Total	2 073	167	2 240	2 071	280	2 351	+ 1	+111

End of year and month	Domestic banks					Other					
	Dis-counted and redis-counted bills	Cheque accounts ¹	Liabilities, Cheque accounts		Net claims on the banks (1+2-3-4)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (6+7-8) ³	Deposit certifi-cates ³	Notes in circulation
			Private banks ²	Posti-pankki ²								3	4	5	6	7	8	9	10	11
1967	868	—	155	35	678	197	383	56	524	—	1 052
1968	618	107	163	16	546	186	195	43	338	—	1 160
1969	550	87	93	12	532	192	269	25	436	—	1 298
1970	836	3	1	4	834	137	246	324	59	203	1 344
1971	849	—	9	2	838	121	234	385	—30	400	1 479
1972	753	5	—	2	756	44	277	73	248	790	1 730
1973	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907

1973											
April	2 037	—	3	768	1 266	43	293	49	287	950	1 937
May	1 364	—	4	22	1 338	47	297	47	297	950	1 795
June	1 697	25	—	1	1 721	50	301	48	303	1 130	1 829
July	2 060	60	—	156	1 964	51	297	45	303	1 400	1 695
Aug.	1 776	8	—	5	1 779	52	295	215	132	1 400	1 693
Sept.	2 221	22	—	199	2 044	54	296	309	41	1 400	1 773
Oct.	2 363	54	—	320	2 097	57	302	301	58	1 400	1 683
Nov.	2 623	50	—	67	2 606	60	302	260	102	1 400	1 790
Dec.	2 556	61	—	2	2 615	58	314	259	113	1 450	1 907

1974											
Jan.	2 146	129	—	1	2 274	64	303	237	130	1 310	1 706
Feb.	2 227	113	—	4	2 336	64	304	229	139	1 380	1 744
March	2 530	103	—	78	2 555	72	296	230	138	1 450	1 792
April	2 677	156	—	80	2 753	79	293	244	128	1 450	1 806

¹ Including special index accounts.

² Including cash reserve accounts.

³ New series, see explanations on page 18.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

April 25, 1974

New York ¹	1 \$	3.715	Frankfurt o. M.	100 DM	149.75	Vienna	100 S	20.18
Montreal	1 \$	3.875	Amsterdam	100 Fl	141.45	Lisbon	100 Esc	15.10
London	1 £	8.945	Brussels ²	100 Fr		Madrid	100 Pta	6.45
Stockholm	100 Kr	85.75	Zurich	100 Fr	125.15	Tokyo		1.355
Oslo	100 Kr	68.70	Paris	100 FF	77.10	Reykjavik	100 Kr	4.35
Copenhagen	100 Kr	62.55	Rome	100 Lit	0.5900	Moscow ³	1 Rbl	4.934

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

² 9.750 commercial rate; 9.330 financial rate.

³ Clearing account: also Bucharest.

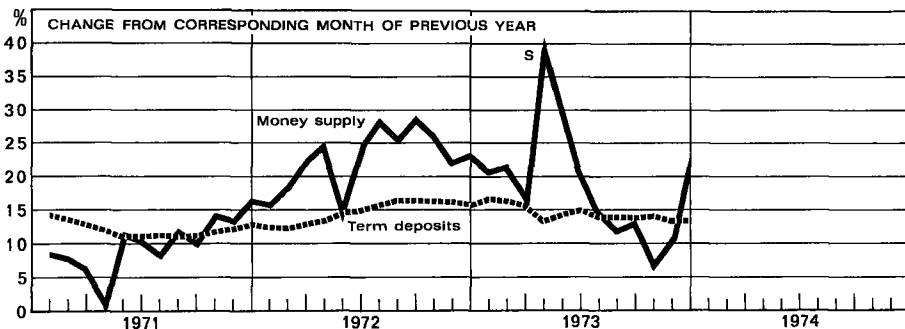
DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972	1 851.2	2 371.4	979.2	8 095.8	6 231.8	4 499.8	1 805.6	720.0	21 353.0	24 703.6
1973*	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9

1973*

Jan.	1 849.2	2 315.5	944.6	8 190.6	6 327.8	4 583.8	1 839.0	729.6	21 670.8	24 930.9
Feb.	1 796.9	2 261.8	1 047.7	8 221.3	6 399.2	4 655.8	1 866.7	737.5	21 880.5	25 190.0
March	1 649.4	2 132.3	989.5	8 197.1	6 412.9	4 672.2	1 869.7	742.3	21 894.2	25 016.0
April	1 660.4	2 144.0	1 488.1	8 028.9	6 325.3	4 647.3	1 892.5	747.5	21 641.5	25 273.6
May	1 919.5	2 512.9	1 037.9	8 259.6	6 462.6	4 712.7	1 893.8	753.0	22 081.7	25 632.5
June	1 816.1	2 292.4	1 092.5	8 345.6	6 490.8	4 699.2	1 926.3	752.0	22 213.9	25 598.8
July	1 754.2	2 236.9	1 041.5	8 326.0	6 506.9	4 735.7	1 950.5	757.7	22 276.8	25 555.2
Aug.	1 677.3	2 192.3	1 025.7	8 401.2	6 610.8	4 831.8	1 874.3	763.4	22 581.5	25 799.5
Sept.	1 630.7	2 155.5	1 098.0	8 442.8	6 689.7	4 924.3	1 994.5	783.9	22 835.2	26 088.7
Oct.	1 690.5	2 234.4	932.0	8 524.6	6 756.3	5 013.2	2 017.6	783.2	23 094.9	26 261.3
Nov.	1 681.9	2 221.5	989.1	8 508.2	6 833.8	5 113.1	2 052.0	785.2	23 292.3	26 502.9
Dec.	2 153.3	2 900.5	1 360.2	8 973.8	7 117.1	5 238.7	2 158.7	804.9	24 293.2	28 553.9



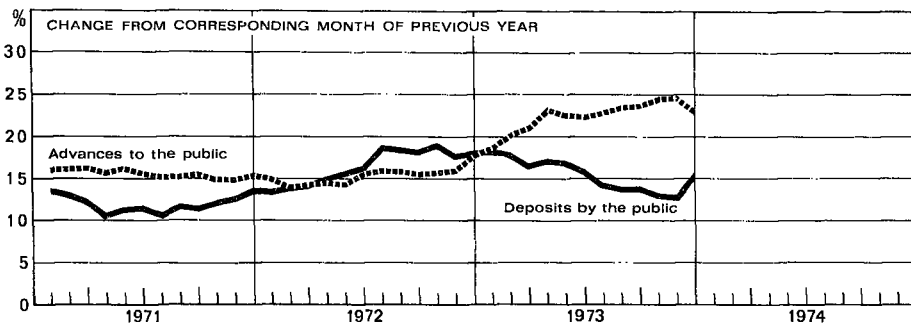
ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances			Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits			
	1	2	3	4	5	6	7	8			9
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146	
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642	
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126	
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445	
1971	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025	
1972	10 667.3	5 503.0	4 482.6	2 244.8	2 374.4	24 472.6	799.5	25 272.1	4 959	
1973*	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114	

1973*

Jan.	10 788.6	5 590.5	4 525.4	2 344.4	2 438.0	24 878.1	808.8	25 686.9	4 627
Feb.	11 007.4	5 659.5	4 593.6	2 399.7	2 446.4	25 249.9	856.7	26 106.6	4 757
March	11 284.3	5 732.6	4 626.6	2 538.3	2 450.7	25 699.4	933.1	26 632.5	4 644
April	11 839.6	5 829.5	4 681.0	2 648.4	2 490.1	26 490.4	998.2	27 488.6	5 584
May	11 805.2	5 876.4	4 730.2	2 777.4	2 486.8	26 806.2	869.8	27 676.0	5 225
June	12 074.3	5 954.0	4 788.3	2 790.3	2 510.9	27 180.8	937.0	28 117.8	5 170
July	12 238.0	6 005.7	4 833.9	2 854.7	2 547.8	27 520.3	959.8	28 480.1	4 883
Aug.	12 419.3	6 096.5	4 908.2	2 915.1	2 565.5	27 928.1	976.5	28 904.6	4 791
Sept.	12 702.8	6 202.6	5 009.5	3 023.8	2 573.6	28 451.7	1 060.6	29 512.3	5 004
Oct.	12 968.1	6 320.2	5 116.5	3 173.2	2 592.9	29 142.5	1 028.4	30 170.9	4 749
Nov.	13 162.8	6 414.2	5 209.2	3 284.9	2 629.6	29 677.4	1 023.3	30 700.7	4 906
Dec.	13 293.1	6 495.5	5 302.5	3 398.6	2 696.4	30 214.3	971.8	31 186.1	6 114



STATE FINANCES

Mill. mk

Revenue	Jan.—Feb.		Expenditure	Jan.—Feb.	
	1973	1974		1973	1974
Income and property tax (net)	764	1 097	Wages, salaries, pensions etc.	398	477
Gross receipts	(1 678)	(2 226)	Repair and maintenance	40	62
Refunds & local authorities	(—914)	(—1 129)	Other consumption expenditure	171	226
Other taxes on income and property	22	30	Total consumption expenditure	609	765
Employers' child allowance payments	76	86	State aid to local authorities	430	553
Sales tax	665	586	State aid to industries	239	323
Revenue from Alcohol Monopoly	136	146	of which: agric. price subsidies	(175)	(235)
Customs duties & import charges	83	63	Child allowances	33	44
Counter-cyclical tax	—	—	Share in national pensions and health insurance	38	35
Excise duty on tobacco	65	111	Other transfer expenditure	295	372
» » on liquid fuel	122	130	Total transfer expenditure	1 035	1 327
Other excise duties	44	65	Machinery and equipment	82	98
Tax on autom. and motor cycles	88	15	House construction	50	55
Stamp duties	56	67	Land and waterway construction	166	138
Special diesel etc. vehicles tax	7	11	Total real investment	298	291
Other taxes and similar revenue ¹	48	42	Interest on State debt	83	66
Total taxes	2 176	2 449	Index compensations	11	13
Miscellaneous revenue	186	152	Net deficit of State enterprises	34	8
Interest, dividends etc.	31	49	Other expenditure	1	9
Sales and depreciation of property	—	—	Total other expenditure	129	96
Redemptions of loans granted	21	28	Increase in inventories	+23	+5
Total revenue	2 414	2 678	Lending	177	146
Foreign borrowing	6	4	Other financial investment	19	45
Domestic borrowing	154	97	Total expenditure	2 290	2 675
Total borrowing	160	101	Redemption of foreign loans	18	63
Deficit (+) or surplus (—)	(—3)	(+159)	Redemption of domestic loans	263	200
			Total redemptions	281	263
Total	2 571	2 938	Total	2 571	2 938

¹ Including supplementary turnover tax and import-equalization tax from June 1971.

State debt	1971	1972	1973	1974		
	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.
Foreign debt	1 524	1 517	1 395	1 398	1 349	1 355
Loans	2 467	2 268	1 758	1 657	1 655	1 642
Compensatory obligations	2	2	1	1	1	1
Short-term credit	61	56	39	38	38	..
Cash debt (net)	—528	—488	—468	—490	—482	..
Domestic debt	2 002	1 838	1 330	1 206	1 212	..
Total State debt	3 526	3 355	2 725	2 604	2 561	..
Total debt, mill \$	849	804	710	654	653	..

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1967	5 231	5 794	- 563
1968	6 874	6 711	+ 163
1969	8 345	8 505	- 160
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973*	14 605	16 600	-1 995

1973*			
May	1 335	1 460	- 125
June	925	1 106	- 181
July	1 094	1 203	- 109
Aug.	1 218	1 407	- 189
Sept.	1 366	1 482	- 116
Oct.	1 538	1 689	- 151
Nov.	1 558	1 623	- 65
Dec.	1 331	1 458	- 127

1974*			
Jan.	1 541	1 880	- 339
Feb.	1 471	1 810	- 339

Jan.-Feb.			
1973*	2 134	2 498	- 364
1974*	3 012	3 690	- 678

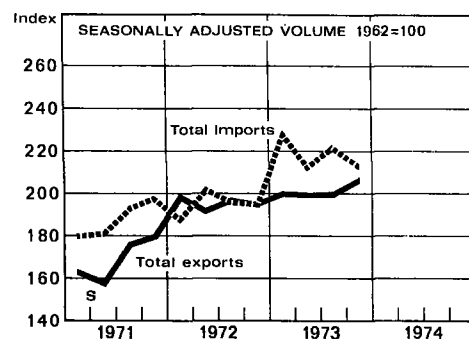
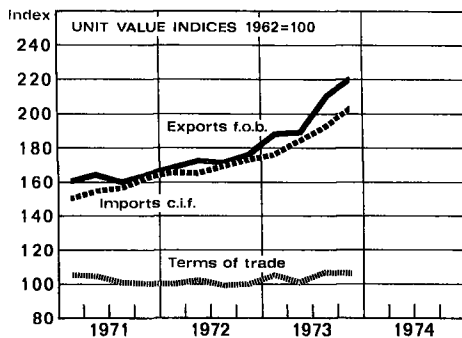
Indices of exports and imports 1962 = 100

Period	Indices of exports and imports 1962 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104
1972	197	196	174	170	102
1973*	202	222	205	190	108

1972					
Jan.-Mar.	192	179	170	167	102
Apr.-June	187	200	174	167	104
July-Sept.	197	190	173	171	101
Oct.-Dec.	212	215	178	175	102

1973 ¹					
Jan.-Mar.	197	222	190	178	107
Apr.-June	190	211	191	186	103
July-Sept.	197	214	211	194	109
Oct. Dec.	226	234	222	205	108

¹ The 1973 figures have been calculated by converting the final 1972 Fisher index with the percentage change in the 1973-1972 Lasdeyres index.



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

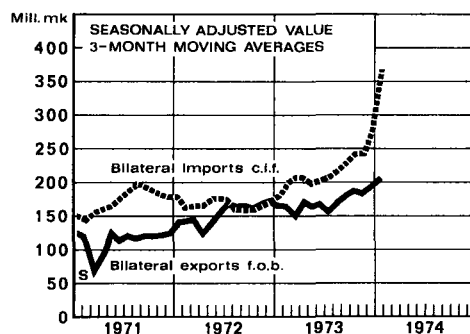
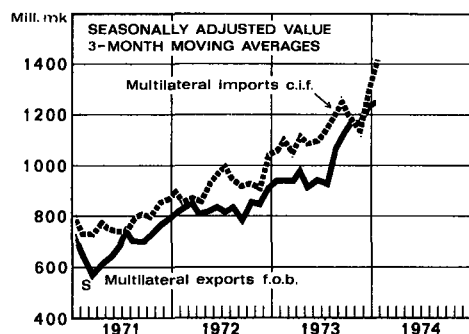
Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1967	..	..	..	..	..	..	..	..	..	..
1968	..	..	..	..	..	..	..	..	..	..
1969	286	1 395	3 453	1 544	1 667	5 138	368	1 472	1 471	56
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973*	432	2 451	5 264	2 928	3 530	9 915	728	2 921	2 968	68

1973*										
May	58	198	475	286	318	819	42	296	294	9
June	11	103	258	306	247	664	41	200	197	4
July	15	189	423	237	230	716	53	249	173	12
Aug.	14	268	523	123	290	871	71	249	215	1
Sept.	27	259	494	247	339	918	80	229	255	0
Oct.	24	282	536	302	394	984	87	345	270	3
Nov.	21	282	524	377	354	1 046	98	243	230	6
Dec.	72	226	454	244	335	903	104	236	215	0

1974*										
Jan.	89	250	513	378	311	1 184	169	294	231	2
Feb.	21	249	540	316	345	1 124	195	245	245	1

Jan.-Feb.										
1973*	82	337	779	447	489	1 479	86	407	519	7
1974*	110	499	1 053	694	656	2 308	364	539	476	3

New series.



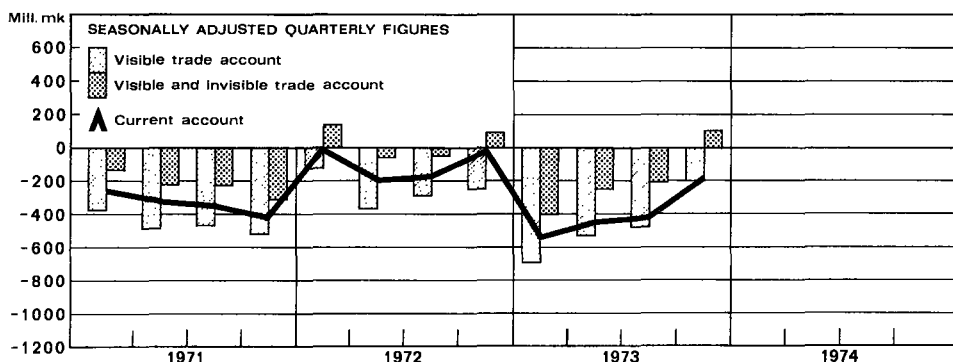
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—February				January—February			
	1973*		1974*		1973*		1974*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.4	1 525	73.5	2 214	75.7	1 892	67.6	2 493
Austria	1.0	22	1.0	31	1.8	45	1.4	50
Belgium-Luxembourg	1.8	37	1.6	49	2.4	60	1.8	67
Denmark	4.9	104	4.9	148	3.7	92	3.1	116
France	4.5	96	4.5	137	3.2	81	3.2	118
Federal Republic of Germany	10.0	213	8.9	269	18.6	466	15.0	553
Italy	1.8	39	2.0	60	2.0	49	1.5	54
Netherlands	4.4	94	3.5	106	3.7	93	5.3	195
Norway	2.6	56	2.6	78	2.3	58	2.8	103
Portugal	0.3	7	0.4	13	0.9	22	0.6	23
Spain	1.2	26	1.4	41	0.7	18	0.6	20
Sweden	15.3	327	18.7	563	19.3	483	20.1	743
Switzerland	2.4	51	1.9	56	3.4	84	3.2	119
United Kingdom	19.7	421	20.2	607	13.1	327	8.8	325
Other	1.5	32	1.9	56	0.6	14	0.2	7
OECD countries outside Europe	7.2	153	6.5	195	7.6	190	8.1	299
Canada	0.5	11	0.7	23	0.3	7	0.2	6
Japan	0.6	12	1.2	35	2.8	70	1.1	40
United States	5.2	110	4.0	120	4.5	112	6.8	252
Other	0.9	20	0.6	17	0.0	1	0.0	1
CMEA countries	12.0	257	12.7	384	12.7	316	19.5	719
Czechoslovakia	0.3	7	0.4	12	0.5	12	0.4	13
Democratic Republic of Germany	0.6	13	0.6	17	0.6	15	0.5	19
Poland	1.6	34	0.7	20	1.2	30	1.6	58
Soviet Union	8.6	183	10.6	321	9.0	224	16.4	607
Other	0.9	20	0.4	14	1.4	35	0.6	22
Latin America	2.0	42	2.2	65	1.5	37	2.8	104
Argentina	0.4	9	0.6	18	0.0	1	0.0	1
Brazil	0.8	17	0.9	26	0.5	12	1.0	37
Colombia	0.1	2	0.1	4	0.7	18	1.2	45
Other	0.7	14	0.6	17	0.3	6	0.6	21
Other	7.4	157	5.1	154	2.5	63	2.0	75
GRAND TOTAL	100.0	2 134	100.0	3 012	100.0	2 498	100.0	3 690
of which								
EFTA countries	21.8	466	24.7	745	27.8	693	28.2	1 039
EEC countries	47.7	1 017	46.6	1 403	47.2	1 178	38.8	1 430
OECD countries	78.6	1 678	80.0	2 409	83.3	2 082	75.7	2 792

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1971	9 845	11 762	-1 917	+660	+247	+66	-944	-477	- 1	-1 422
1972	12 012	13 087	-1 075	+731	+335	+72	+ 63	-586	+ 43	- 480
1973*	14 526	16 565	-2 039	+857	+308	+24	-850	-787	-47	-1 684
Jan.-Mar										
1970 ^f	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
1971 ^f	2 168	2 536	-368	+208	- 13	+19	-154	-135	- 1	-290
1972	2 870	2 960	- 90	+217	+ 3	+ 1	+131	-142	-22	- 33
1973*	3 301	3 868	-567	+229	- 5	+15	-328	-149	-14	-491
Apr.-June										
1970 ^f	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971 ^f	2 291	2 797	-506	+141	+ 47	+21	-297	-118	- 1	-416
1972	2 856	3 298	-442	+162	+ 57	+46	-177	-155	- 8	-340
1973*	3 182	3 842	-660	+196	+ 48	+ 5	-411	-200	-23	-634
July-Sept.										
1970 ^f	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971 ^f	2 501	2 864	-363	+159	+166	+16	- 22	-119	- 4	-145
1972	2 978	3 195	-217	+170	+191	+19	+163	-140	+20	+ 43
1973*	3 638	4 089	-451	+266	+230	-15	+ 30	-189	- 8	-167
Oct.-Dec.										
1970 ^f	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609
1971 ^f	2 885	3 565	-680	+152	+ 47	+10	-471	-105	+ 5	-571
1972	3 308	3 634	-326	+182	+ 84	+ 6	-54	-149	+53	-150
1973*	4 405	4 766	-361	+166	+ 35	+19	-141	-249	- 2	-392

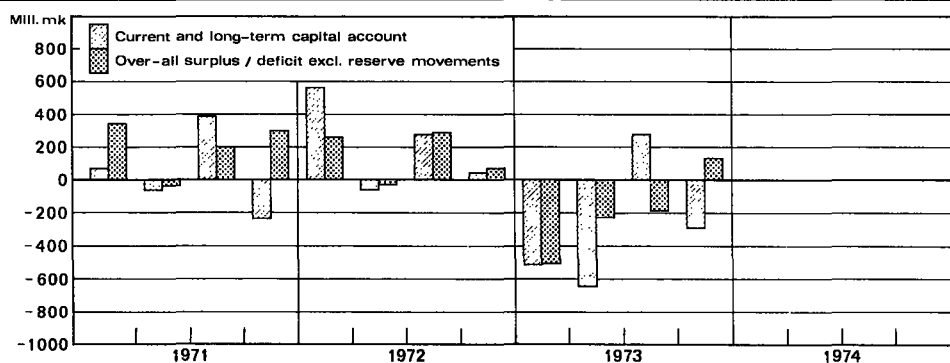


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+2 730	-855	-208	- 85	+1 582	+160	+387	+197	+ 62 ²	+806	-555	-251
+3 014	-1 228	-376	-106	+1 304	+824	+104	- 90	-247 ²	+591	-271	-320
+1 865	-1 353	+ 34	-104	+ 442	-1 242	-275	+472	+261	-784	+491	+293
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23	+157	-240	+ 83
+ 609	-228	- 5	-17	+359	+ 69	+ 21	+329	- 77	+342	-314	- 28
+ 968	-273	-115	+17	+597	+564	-152	- 27	-124 ²	+261	-327	+ 66
+ 365	-396	+ 34	-24	- 21	-512	+ 20	+ 7	- 22	-507	+353	+154
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 596	-201	- 11	-30	+354	- 62	-140	+146	+ 19	- 37	+ 99	- 62
+ 655	-180	-192	- 5	+278	- 62	+ 92	+ 25	- 84	- 29	+ 37	- 8
+ 308	-265	- 48	- 9	- 14	-648	+ 94	+323	+ 4	-227	+301	- 74
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 869	-252	- 89	+ 5	+533	+388	- 60	+ 21	-150	+199	- 35	-164
+ 628	-327	- 41	-25	+235	+278	+265	-124	-131	+288	-314	+ 26
+ 774	-370	+ 60	-16	+448	+281	-401	-257	+191	-186	+ 66	+120
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 656	-174	-103	- 43	+336	-235	+566	-299	+270	+302	-305	+ 3
+ 763	-448	- 28	- 93	+194	+ 44	-101	+ 36	+ 92	+ 71	+333	-404
+ 418	-322	- 12	- 55	+ 29	-363	+ 12	+399	+ 88	+136	-229	+ 93

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 88 million in 1970, 85 million in 1971 and 85 million in 1972.



PRICE INDICES

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 pro- cessed goods	More elab- orately processed goods			
1971	312	315	302	309	361	304	346	295	303	149	162	134
1972	338	342	325	330	400	334	370	318	332	161	182	141
1973	398	401	385	403	447	378	435	395	378	188	202	176
1973												
June	389	391	380	390	441	374	415	390	372	183	191	176
July	404	408	390	406	456	389	439	406	382	192	213	179
Aug.	408	412	391	414	456	388	440	414	384	198	213	188
Sept.	421	426	401	437	466	388	466	425	391	202	213	194
Oct.	427	433	408	448	469	390	476	429	397	204	214	198
Nov.	430	436	408	452	465	393	478	434	399	205	214	199
Dec.	436	440	418	459	481	394	481	442	404	209	214	200
1974												
Jan.	452	453	448	479	487	407	509	452	417	214	217	209
Feb.	462	461	466	492	496	413	514	471	424	222	217	222
March	471	472	468	500	507	423	517	480	437	225	217	227

Period	Consumer prices 1972 = 100											
	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1973	284	223	111	112	107	111	116	110	109	109	105	111
1973												
May	277	218	108	110	109	109	108	109	108	107	104	109
June	280	220	109	112	109	109	109	109	108	108	105	111
July	288	226	112	114	109	109	119	110	109	110	105	113
Aug.	292	229	114	116	109	112	123	111	110	111	106	113
Sept.	295	231	115	117	107	115	125	112	111	111	106	114
Oct.	297	233	115	117	107	116	127	113	112	111	107	115
Nov.	299	235	116	117	107	116	128	114	116	113	108	115
Dec.	303	237	118	161	107	117	131	129	116	115	109	116
1974												
Jan.	305	239	119	116	107	118	133	132	119	116	110	118
Feb.	314	246	122	117	107	121	135	162	122	124	114	118
March	317	248	123	118	108	123	137	158	123	124	114	121

WAGES

Index of salary and wage earnings 1964 = 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	Manufacturing	Construction							
1970	181	170	170	164	161	165	164	157	169	164
1971	210	195	195	180	176	178	188	171	195	185
1972*	254	222	222	197	189	196	212	189	220	206
1973*	329	257	256	223	210	218	239	212	256	237
1972*										
Jan.-Mar.	236	207	206	186	179	186	197	178	205	193
Apr.-June	251	225	219	199	191	194	215	191	223	209
July-Sept.	256	227	228	202	194	201	219	193	229	213
Oct.-Dec.	272	230	235	203	193	202	220	193	229	213
1973*										
Jan.-Mar.	287	235	238	206	198	206	221	195	234	217
Apr.-June	331	260	251	227	213	222	239	213	259	240
July-Sept.	336	264	266	229	215	222	247	219	267	246
Oct.-Dec.	339	268	269	231	216	224	249	220	268	247

PRODUCTION

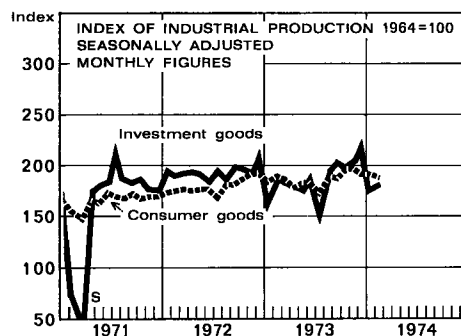
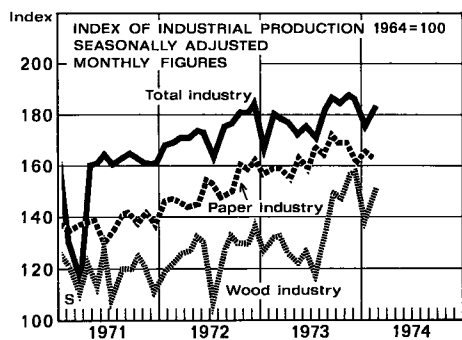
Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1970	132	154	96	111	141	98	132	132	129	128	134
1971	136	157	96	106	138	99	134	140	135	135	140
1972	145	176	96	95	149	103	145	155	142	141	149
1973*	153	186	92	96	158	102	156	168	150	145	157
1972											
Oct.-Dec.	151	194	62	90	177	101	151	171	145	143	151
1973*											
Jan.-Mar.	151	196	54	130	124	107	145	162	147	143	156
Apr.-June	147	179	76	107	139	100	154	162	148	145	157
July-Sept.	152	168	170	53	183	104	162	164	149	146	156
Oct.-Dec.	160	203	69	96	185	99	163	186	153	147	159
1974*											
Jan.-Mar.	158	205	56	126	134	109	154	176	155	149	163

PRODUCTION

Index of industrial production 1970 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1972*	114	120	113	111	110	110	110	137	113	118	113
1973*	117	117	117	115	113	117	118	139	120	120	117
1972*											
July	78	62	83	69	103	63	107	105	87	61	108
Aug.	114	109	111	118	120	98	111	136	129	110	114
Sept.	115	124	114	113	108	112	109	126	130	122	115
Oct.	126	133	126	123	126	119	124	152	135	132	118
Nov.	125	131	123	125	118	111	121	148	131	132	118
Dec.	116	119	117	111	104	104	111	149	120	122	121
1973*											
Jan.	124	125	125	120	98	126	123	156	128	128	111
Feb.	116	121	117	114	96	117	115	139	122	124	118
March	129	132	129	128	108	132	126	152	138	133	117
April	111	112	111	113	103	111	99	145	124	114	115
May	123	126	121	126	126	132	122	140	96	132	113
June	106	114	103	109	109	112	94	121	70	117	115
July	83	53	88	72	109	65	118	104	109	56	112
Aug.	118	112	117	121	129	104	124	134	138	117	118
Sept.	117	121	119	114	113	120	124	145	128	122	122
Oct.	133	140	132	132	138	142	131	153	140	142	120
Nov.	129	138	129	129	125	133	126	148	140	139	122
Dec.	112	114	113	107	108	112	109	134	113	115	121
1974*											
Jan.	128	129	131	125	117	139	130	154	131	132	115
Feb.	118	120	119	114	106	134	119	135	123	123	119



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Unem- ployed 1 000 persons	Unemploy- ment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesale- rs' volume index 1968 = 100
1969	3 480	2 189	2 127	62	2.8	35 338	108	117
1970	3 492	2 194	2 153	41	1.9	39 267	114	130
1971	3 507	2 199	2 150	49	2.2	36 264	118	137
1972	3 409	2 173	2 118	55	2.5	31 442	128	151
1973*	3 442	2 215	2 164	51	2.3	30 746	..	..
1973*								
Jan.	3 430	2 127	2 055	72	3.4	3 257	116	140
Feb.	3 432	2 116	2 047	69	3.3	3 529	117	153
March	3 433	2 111	2 048	63	3.0	4 175	132	176
April	3 434	2 120	2 060	60	2.8	4 088	125	160
May	3 436	2 177	2 128	49	2.3	2 446	131	174
June	3 440	2 365	2 315	50	2.1	1 461	139	151
July	3 444	2 379	2 333	46	1.9	818	134	141
Aug.	3 447	2 303	2 261	42	1.8	1 216	141	175
Sept.	3 449	2 226	2 188	38	1.7	1 606	138	172
Oct.	3 451	2 222	2 181	41	1.8	2 339	148	191
Nov.	3 453	2 220	2 180	40	1.8	2 813	140	180
Dec.	3 455	2 216	2 168	48	2.2	2 998	..	..
1974*	3 471	2 187	2 134	53	2.4	3 063	..	..

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											
1970	41.42	17.96	3.72	15.56	2.36	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	2.60	37.35	15.79	3.16	13.88	2.91	37.64
1972*	47.73	20.56	3.08	17.04	4.28	39.72	18.02	2.81	14.13	2.96	39.29
1972*											
Apr.-June	13.52	6.22	1.55	3.91	0.85	8.28	4.21	0.35	2.64	0.68	39.33
July-Sept.	13.44	6.11	0.55	4.89	1.17	10.17	4.64	0.87	3.22	0.76	41.87
Oct.-Dec.	13.46	5.50	0.43	4.88	1.78	13.32	5.94	1.26	4.83	0.77	39.29
1973*											
Jan.-Mar.	10.62	3.99	0.80	4.85	0.50	8.07	3.71	0.42	3.17	0.51	48.56
Apr.-June	16.97	7.85	1.73	5.82	0.62	6.51	3.27	0.33	2.08	0.37	47.39
July-Sept.	16.23	7.86	0.84	6.06	0.76	10.34	4.65	0.91	3.31	0.78	52.75

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. Since Dec. 31, 1969. *Gold and foreign exchange* = Gold (valued on basis of the value of the mark) + Special drawing rights + IMF gold tranche + Foreign exchange. *Liabilities on foreign exchange and mark accounts* = Foreign exchange accounts + Mark account of holders abroad. *Other foreign assets* = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF. *Other foreign liabilities* = Foreign term liabilities + IMF mark accounts. *The Treasury cheque account* = The cheque account of the Treasury with the Bank of Finland; while *Treasury term liabilities* = Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account — Treasury's IMF and IBRD bills (net). *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 discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities (excl. Export levies + Governmental counter-cyclical fund + Counter-cyclical tax account + Deposit certificates + Cash reserve accounts). *Deposit certificates* are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

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

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

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative banks.

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 figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to Postipankki less cash holdings (net) of State departments and funds.

FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase, exports by countries of sale.

BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland. 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.

PRICE INDICES

Page 14. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office. Page 16. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: investment goods weight 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC-351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6 and metal industry (SIC 37-38) 25.9.

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

Page 17. *Labour* figures supplied by the Central Statistical Office. As of the beginning of 1973, the figures for the labour force, the employed labour force and the rate of unemployment are not fully comparable to the previous figures. The sample population used in the Labour Force Sample Survey was changed to accord with the data provided by the demographic forecast made in 1973. In January 1973, the labour force was estimated to be about 30 000 persons smaller, and the seasonally unadjusted rate of unemployment about 0.1 percentage point lower, than the corresponding figures derived with the aid of the former sample population.

Commercial timber fellings compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED

- * Preliminary
- r Revised
- 0 Less than half the final digit shown
- .
- .. Logically impossible
- .. Not available
- Nil
- S affected by strike

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

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 1972 is as follows: Social Democrats 56, People's Democrats 37, Centre Party 35, Conservatives 33, Finnish People's Unification Party 13, Swedish Party 9, Liberal Party 6, Finnish Farmers' Party 5, Christian League 4 and Finnish People's Constitutional Party 2.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1958, IDA 1960, EFTA 1961, ADB 1966 and OECD 1969.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1972): 4.6 million. Sweden 8.1, Switzerland 6.4, Denmark 5.0 and Norway 3.9 million.

DENSITY OF POPULATION (1972:.) In South Finland 44.4 in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.2 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1972): 55 % of the population inhabit the rural areas, 45 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 507 700 inhabitants, Tampere (Tammerfors) 182 800, Turku (Åbo) 158 300.

EMPLOYMENT (1972): Agriculture and forestry 19 %, industry and construction 35 %, commerce 15 %, transport and communications 7 %, services 24 %.

LANGUAGE (1970): Finnish speaking 93.2 %, Swedish speaking 6.6 %, others 0.2 %.

EDUCATION (1972): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1840), 11 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1972): births 12.7 ‰, deaths 9.6 ‰, change + 4.3 ‰, net immigration 1.2 ‰. Deaths in France 10.6 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1972, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 225 (7 %), forestry and fishing 2 721 (6 %), manufacturing 15 147 (31 %),

construction 4 703 (10 %), transport and communication 4 750 (10 %), commerce, banking and insurance 6 174 (13 %), public administration 2 191 (4 %), ownership of dwellings 2 538 (5 %), services 6 891 (14 %), total 48 340. Index of real domestic product 143 (1964 = 100).

FOREST RESOURCES (1972): The growing stock comprised of 1 481 million m³ (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 619 million m³ was up to the standard required for logs, 55 % of these being pine. The annual growth was 56.2 million m³ and the total removal, calculated on the basis of roundwood consumption, was 54.3 million m³.

AGRICULTURE (1972): Cultivated land 2.7 million hectares. Number of holdings 286 500, of which 189 100 are of more than 5 ha. Measure of self-sufficiency in bread cereals 105 % in the crop year 1972/73.

INDUSTRY (1971): Gross value of industrial production 29 705 mill. marks, number of workers 395 501, salaried employees 105 915, motive power (1971) 5.5 mill. kW. Index of industrial production 101 for 1971 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1974): Length 5 897 km.

MERCHANT FLEET (Dec. 31, 1973): Steamers 28 (21 300 gross reg. tons), motor vessels 378 (760 000 gross reg. tons), tankers 67 (731 700 gross reg. tons), sailing vessels with auxiliary engines 3 (500 gross reg. tons). Total 466 (1 513 500 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1973): Passenger cars 894 100, lorries and vans 119 900, buses 8 400, others 5 700. Total 1 028 100.

FINNISH AIRLINES (April 30, 1974): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6s, 8 Super Caravelles 8 DC-9s and 5 Conyair Metropolitan. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1928. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). Since Oct. 12, 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

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, 1973). There are two big and five small commercial banks with in all 846 offices, 298 savings banks, 398 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-eight private insurance companies also grant credits.

RATES OF INTEREST (July 1, 1973). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 9 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ and 10 ½ %. Other credit institutions: term deposits 5 ¾ %, 6 month deposits 6 ¼ %, 12 month deposits 6 ¾ %, 24 month deposits 7 ¾ %; and sight deposits 1 ¼ %; highest lending rate 12 ½ %.

FINNISH ECONOMY IN 1973 AND THE CURRENT OUTLOOK

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The cyclical upswing, which started in the latter half of 1972, continued in 1973. The real growth of total production was over five per cent, even though the high degree of capacity utilization coupled with the scarcity of raw materials and skilled labour restrained the growth of production especially in the southern parts of the country, tended to hamper export growth and put considerable upward pressure on prices. In these conditions the rapid growth of domestic demand spilled over onto imports. Accelerating inflation and the balance of payments deficit became the principal concerns of economic policy.

FOREIGN DEMAND

The strong expansion in the OECD countries continued in 1973. While the growth in the United States remained about as rapid as in the year before, growth in Western Europe accelerated further and exceeded its long-term average in most countries. In the last months of the year, however, growth began to slow down, and the outbreak of the energy crisis restrained activity in some industries. Simultaneous strengthening of demand in various countries led to a further acceleration in inflation.

Vigorous economic activity abroad increased the demand for Finland's exports. Finnish exporters could not, however, fully benefit from the growth of markets, because of bottlenecks in various industries. The total increase in the volume of exports was four per cent, and based mostly on the growth of exports of wood-processing products, since

exports of metal industry products temporarily declined. Despite the modest rise in export volume, the rise in export prices of 17 per cent meant that the growth in the value of exports exceeded 20 per cent. The price rise was sharpest for sawn timber and metal industry products.

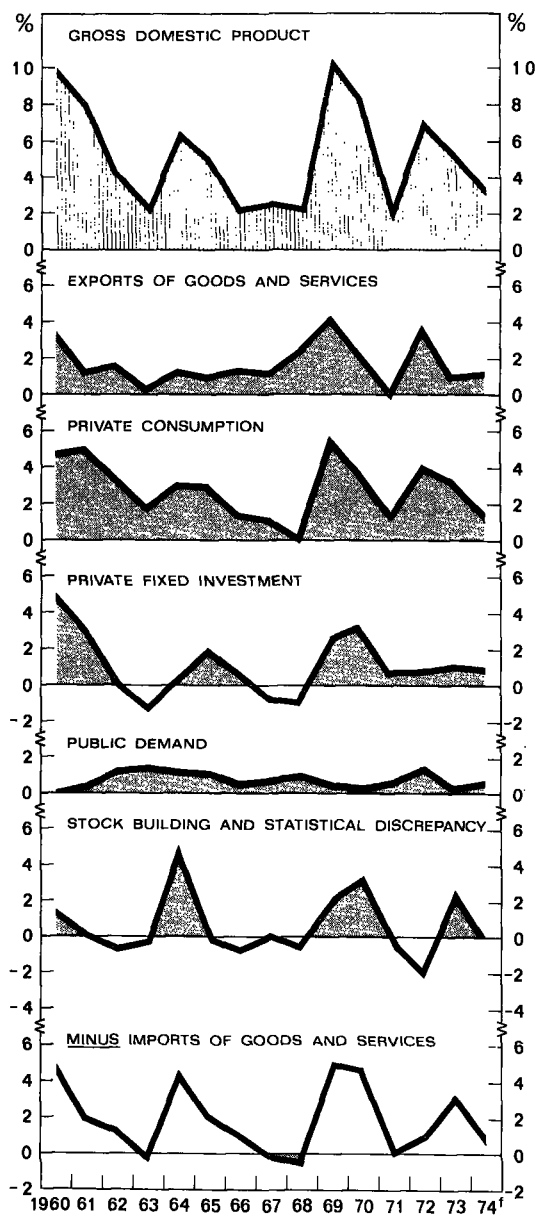
In the early months of the current year, the value of exports remained at the high level reached at the end of last year. The slackening of demand in western markets in the course of this year will partly be offset by additional deliveries to the Soviet Union for the payment of fuel imports. As the demand for paper industry products in world markets remains strong and as the stock of orders of metal industry products has grown markedly, total export volume is expected to increase this year by about as much as last year. Export prices, especially for wood and paper industry products, will rise noticeably.

DOMESTIC DEMAND

Domestic demand remained brisk in 1973. In addition to the increase in private consumption, productive investment grew rapidly under the pressure of high capacity utilization. On the other hand, the growth of residential construction decelerated, and public investment decreased.

The growth of private investment was six per cent, with the main emphasis on non-residential building investment. Some building projects in the service sector were started in the first half of 1973 in anticipation of the investment tax

CHART 1. CONTRIBUTION TO THE GROWTH OF GROSS DOMESTIC PRODUCT 1960 - 1973 AND FORECAST 1974¹



¹ Change in volume over previous year as a percentage of preceding year's gross domestic product.

non-residential building and investment in machinery and equipment continued. The growth of investment in machinery and equipment will remain rapid during the current year following the brisk industrial building activity of last year. Housing investment will probably not rise above the level of 1973 because of the shortage of labour and the tight money market. Non-residential building is expected to rise only slightly in spite of the fact that average capacity utilization will remain high during the current year.

The growth in private consumption was above its long-term average in 1973. This was partly due to the rise in disposable household income, but also to the clear rise in the propensity to consume, which probably was a result of expectations of inflation. This showed itself above all in sales of durable consumer goods, i.e. passenger cars and household equipment. This year real disposable household income is expected to grow somewhat less than real GDP, and the propensity to consume should fall slightly.

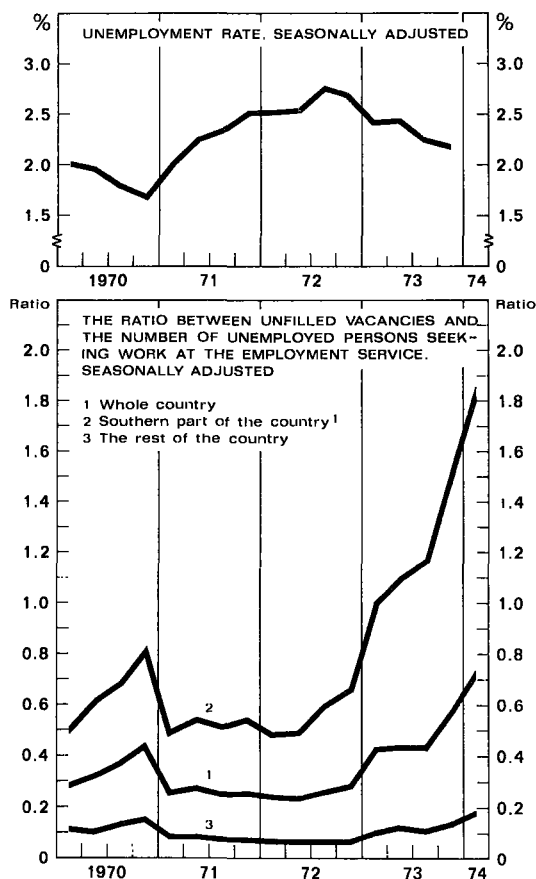
The effect of public demand was restrictive in 1973 as a result of the reduction in public investment. Land and waterway construction was cut back as the central government made little use of the employment appropriations. The growth rate of public consumption was somewhat lower than its trend value. As the employment situation is expected to remain relatively good, the volume of public investment in 1974 will be kept at the same level as in 1973. Public consumption is supposed to grow somewhat faster than it did last year. The growth in expenditure is largely a result of an extension in the National Health System and the reform of the educational system.

imposed in June. The demand for housing remained strong owing to lively internal migration, the ample availability of credit in the beginning of the year and rapidly accelerating inflation. Investment in machinery and equipment increased considerably, and there was also a sharp rise in inventory investment. Towards the end of the year, the rise in both

PRODUCTION AND EMPLOYMENT

The growth in both foreign and domestic demand rapidly led to a situation where the production ceiling was reached. The real growth of GDP was over five per cent. Attempts to increase production under conditions of capacity and labour shortages caused the econo-

CHART 2. LABOUR MARKET



¹ The Helsinki, Turku, Tampere and Kouvola administrative districts of the Ministry of Labour.

my to overheat. These problems were especially acute in the building industry. The demand for wood and paper products also exceeded the capacity limits of these industries. However, fellings did not increase notably until the end of the year. The scarcity of labour remained the principal limitation to further expansion in the metal industry. These problems continued to check the growth in production towards the end of the year and at the beginning of 1974. In the course of the current year, demand pressures will eventually ease and growth will fall off somewhat.

In 1973 the regional imbalance in employment conditions was pronounced. The southern part of the country was an area of severe labour scarcity, but unemployment remained rather high in the northern and eastern parts of the

country. The average unemployment rate for the whole country was 2.3 per cent. At the same time the labour participation rate increased sharply as a result of the brisk demand for labour. During the early months of 1974 unemployment fell further, and production continued in conditions of high capacity utilization. The gradual slackening of economic activity will reduce the number of vacancies, and a slight rise in unemployment may occur towards the end of the year. However, the shortage of labour in the southern part of the country is likely to continue, and the worsening of the employment situation will first be felt in the development areas. Net immigration is expected to remain at a low level.

IMPORTS

On account of limited domestic resources, the growth of domestic and export demand led to a 13 per cent increase in the volume of imports. Part of the expansion of imports was a reflection of speculative stockpiling resulting from expectations of further price rises and delayed responses to the growth of domestic demand of the preceding year. The pattern of domestic demand is also reflected in the development of imports. The growth of industrial activity increased the need to import raw materials and the recovery in investment activity boosted imports of investment goods. Imports of consumption goods and passenger cars increased still more rapidly. The main reason for the rise in import prices of 12 per cent was the steep increase in the price of raw materials.

The slackening of domestic activity is expected to moderate the growth of the volume of imports towards the end of this year. The principal factor supporting growth in the volume of imports will be the further expansion of investment. Imports of consumer goods, including passenger cars, is forecast to decline. The trebling of fuel prices together with the increases in the prices of other products will, however, raise the value of imports markedly. This will be the major reason for the growth in the balance of payments deficit, and will push up costs considerably.

PRICES AND WAGES

Inflation accelerated further in 1973 as a result of both the rapid rise in international prices and the increase in domestic cost and demand pressures. The consumer price index rose by 11 per cent compared with the previous year, while the rise in the wholesale price index was over 17 per cent. The latter increase was primarily due to fast rises in the prices of production goods including raw materials.

No comprehensive incomes agreement was reached last year. The wage negotiations took place by branch, and the average increase in negotiated wages and salaries amounted to about 10 per cent. Wage drift turned out to be quite high mainly due to the scarcity of skilled labour, and the index of salaries and wages grew by 15 per cent. Cost pressures were further increased by rising import prices. The increase in agricultural prices in May and the rise in interest rates in July also affected the consumer price index.

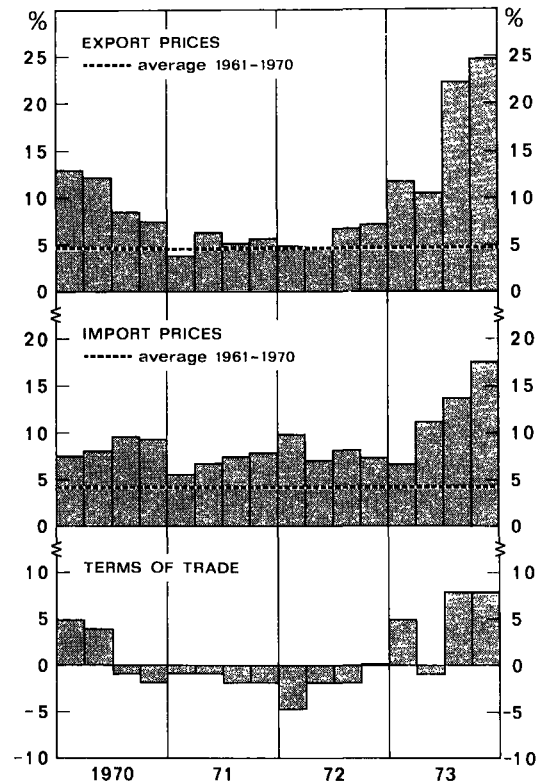
The principal source of inflationary pressure at present is the price of energy. However, the comprehensive incomes agreement concluded in March, 1974, should make it possible to avoid the further acceleration of inflation.

BALANCE OF PAYMENTS

In 1973, the visible trade deficit amounted to nearly 2 000 million marks, or 12 per cent of the value of imports. The cyclical position together with temporary factors in bilateral trade contributed to the deficit. However, an improvement of the terms of trade after two year's deterioration moderated the increase in the deficit.

About sixty per cent of the trade deficit was covered by net receipts from services. The surplus on the service account did not, however, increase as much as in the past few years. This was because of the slow-down in the growth of travel receipts. The deficit in net investment income widened further as a result of increased

CHART 3. FOREIGN TRADE PRICES AND THE TERMS OF TRADE¹



¹ Percentage changes from corresponding period of previous year. Based on the unit value indices published by the Board of Customs.

interest payments, and the total current account deficit amounted to 1 684 million marks, compared with 480 million marks in 1972. The relative cyclical position was the major factor making the deficit larger than its trend value.

Disturbances in international financial markets and the rise in the cost of foreign borrowing coupled with easiness in domestic financial markets early in the year reduced the willingness of borrowers to draw long-term foreign loans, especially in the first half of the year. Thus only one fourth of the current deficit was financed through long-term capital imports. Accordingly the basic balance showed a deficit of 1 242 million marks after two years of surplus. The main part of the borrowing took the form of direct financial credits and long-term supplier's credits. The ratio of debt servicing costs to current receipts was 11 per cent, or about the same as in the preceding year. About one half of the current deficit was financed by drawing

on the country's foreign exchange reserves. Of the 784 million mark decline in the reserves, 491 million marks was taken from the reserves of the Bank of Finland, while the remainder came from other foreign exchange holders.

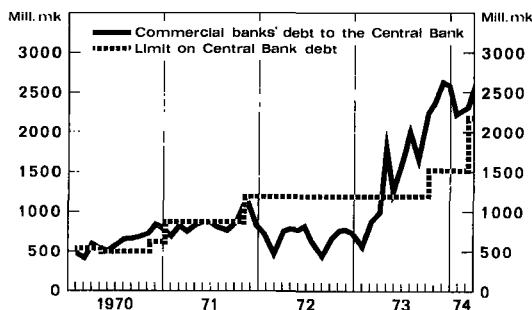
This year the trade deficit will further widen because of the rise in energy prices. About two thirds of Finland's fuel imports come from the Soviet Union. This trade is carried out on a bilateral payments basis, but additional export deliveries will only partly offset the additional oil bill of this year. Since net income from services is not expected to grow much, while interest payments on foreign loans will grow substantially, there will be a clear deterioration in the current account.

MONETARY DEVELOPMENTS

The period of easy financial conditions continued into the first months of 1973. The financial slack was, however, rapidly taken up in the course of the year. The drain on liquidity was caused by the overall deficit in the balance of payments on the one hand and by the government's financial surplus on the other. However, in the face of rapid inflation the banks found it impossible to reduce the growth of their lending despite the worsening of their liquidity positions. Thus stringency in the financial markets did not yet have much effect on the growth of domestic demand.

Central government income grew very rapidly throughout the year because of the significant increase in tax revenue brought in by the application of progressive personal tax schedules to rapidly growing nominal incomes. Although the government's expenditures on consumption and transfers increased mainly because of rising prices, the rise in its real investment expenditures was checked by the good employment situation. The result was a further growth in its financial surplus. A considerable part of this surplus was channelled into the Bank of Finland. This explains most of the growth of the Bank's domestic term liabilities, which rose by 1 315 million marks. Together with the 491

CHART 4. COMMERCIAL BANKS' DEBT TO THE CENTRAL BANK



million mark fall in the Bank's foreign exchange reserves, the growth of domestic term liabilities accounts for most of the increase in the commercial banks' debt to central bank.

Deposits by the public grew by 16 per cent in 1973. The increase in sight deposits of 27 per cent was due to a temporary upsurge in December. Term deposits increased by less than 14 per cent, which is quite modest compared to the increase in nominal incomes. This was partly connected with the decline in households' propensity to save. Moreover the rapid rise in construction costs together with the real growth in investment in housing took up a larger proportion of household savings than before. On the other hand, the growth in term deposits was supported somewhat by the fall in the amount of Government bonds outstanding. Also the vigorous growth in income from forestry increased term deposits.

The growth of domestic demand and the falling share of foreign borrowing in total finance put pressure on the domestic loan market. Lending by deposit banks grew by eight percentage points more than deposits. The banks financed this gap mainly by increasing their central bank debt and partly by raising capital abroad. Credit to industry grew most rapidly, but lending for commercial purposes also increased by more than average. This indicates that loans were not only used for productive investments but also to increase inventories because of expectations of price rises.

The growing balance of payments deficit will keep the money market tight this year. The cash surplus of the central government is expected to be smaller than in 1973, but it will nevertheless, reduce the liquidity of the banking sector. On the whole the tightness of money market is expected to increase towards the end of the year.

POLICY ISSUES

Both the external and internal imbalances, which rapidly developed during the first half of 1973, were clearly a result of excessive growth of domestic demand. Consequently, an increasingly restrictive stance in demand management was adopted.

Real government investment expenditures were kept at a low level, and reduced towards the end of the year. A temporary 40 per cent investment tax was imposed from the beginning of June on the construction of buildings of lower priority in southern Finland. The tax will be in force until the end of September, 1974. Throughout the year, the considerable cash surplus of the central government exerted a restrictive influence on the growth of private demand. On the other hand, the strong government support for housing was a factor which added to the pressure on raw materials and labour in construction.

Since the beginning of 1973 the rapidly growing overall deficit in the balance of payments has tightened the financial market. This built-in process was strengthened by monetary policy measures taken during the year. In February the Bank of Finland reduced its share in the financing of domestic delivery credits. In June, after the disruptions caused by a strike in banking were cleared up, a number of monetary policy measures were implemented. The most important of these was the rise in the general level of interest rates of 1 ½ percentage points from the beginning of July. A cash payment system for imports of consumer goods and a deposit scheme for long-term capital imports were introduced in the middle of June.

These measures were designed mainly to prevent capital imports from offsetting the contractionary monetary policy. Capital imports were further restricted in September when the use of advance payments for exports of sawn goods was made subject to approval by the Bank of Finland.

Towards the end of the year the foreign deficit together with the central government cash surplus began to place intense pressure on the banks' liquidity. Thus, in September, the discount quotas of the commercial banks at the Bank of Finland were raised somewhat in order to prevent an excessive tightening of the money market. Nevertheless, the banks' liquidity positions tightened during the last months of the year.

The Bank of Finland also gave new credit policy guidelines to the banks in June. According to these, the banks were to favour investment projects which would primarily expand productive capacity. Credits for purchases of consumer goods and for undue accumulation of inventories were to be further restricted. In the autumn the banks were asked to do their best to postpone the financing of new starts in construction until 1976.

In November Finland concluded a free trade agreement with the EEC. This was complemented with an agreement on cooperation with the CMEA. The EEC agreement will make it easier for Finnish export industries to participate in the growth of world trade, but at the same time it may increase the risk that destabilizing disturbances will be transmitted from the foreign to the domestic sector. Thus, in the beginning of 1974, Parliament passed certain laws giving the government extended powers to counteract such disturbances. A temporary system of import licensing for some consumer durables was introduced during the process of preparing these laws.

At the end of the year, the oil crisis introduced a new major element of instability. The additional oil bill increased pressure on both the balance of payments and price stability. The immediate reaction was the introduction of

energy-saving programmes. The proper policy to deal with the increased balance of payments deficit in the longer run is generally seen to be the continuation of efforts to increase productive capacity in the export industries while at the same time restraining the growth of total domestic demand. In financial policy this means that there is need for increasing selectivity in credit granting while at the same time maintaining overall tightness in financial markets.

Some selective monetary policy measures to this end have already been implemented.

The deterioration in the prospects for price stability caused by the rise in the price of oil products meant that efforts to keep domestic cost pressures under control had to be increased. The two-year comprehensive incomes policy agreement should help in this respect. (See front article in this Bulletin).

ITEMS

Convention on the Protection of the Marine Environment of the Baltic Sea Area.

The Baltic Sea is the largest body of brackish water in the world. Its average depth is about 55 metres, and it is divided into several parts by shallow sills. It has been calculated that there is a complete change of water only once in twenty years. The salinity of the water decreases from the Danish sounds to the gulfs of the Baltic Sea and also from the bottom to the surface. The average salinity at the surface in the middle of the Baltic Sea (ca. 7 pro mille) is about a fifth of that of ocean water. The water of the Baltic Sea is cold, which means that biological processes, e.g., the decomposition of organic matter, are slow.

The brackish water of the Baltic Sea supports a very special type of aquatic life. The number of species is small compared with the oceans. Some true ocean animals and plants can survive in the brackish water of the Baltic, but they live in marginal conditions under so-called continuous physiological stress. This is the reason

for the small size of many of the life forms (e.g., the Baltic herring, the blue mussel, etc.). A large number of fresh water species live in the Baltic Sea, but they also are in a strange environment. Although the number of species is small, the number of individual organisms can be very large.

The exceptional environmental conditions mean that even relatively small changes in the quality of the water may harm the life forms. Stagnation at the depths of the Baltic allows heavy waste water to sink so that stratification occurs with water of high salinity collecting in the deep basins. Lack of oxygen in the deep waters has become increasingly common and affects large areas of the sea. Oxygen-rich heavy salt water surges through the Danish sounds at irregular intervals, but this improves the situation only for short periods.

About 150 million people live within the catchment area of the Baltic Sea (which is the area from where water runs into the Baltic). The

countries bordering the Baltic are highly industrialized, and a heavy load of pollutants pours into the sea. The shallowness of the basin, the special characteristics of the water and its low temperature mean that measures to counter pollution are urgently needed.

In February, 1973, the Finnish Government submitted to the Baltic Sea States (Denmark, the German Democratic Republic, the Federal Republic of Germany, the Polish People's Republic, Sweden and the Union of Soviet Socialist Republics) a memorandum proposing a conference on the protection of the marine environment of the Baltic Sea. It was suggested that the preparatory work be carried out by a working group of government experts.

The experts met for the first time in May—June 1973, and discussed a convention on the prevention of the pollution of the Baltic. Finland was given the task of preparing the first draft which was considered and re-drafted at a meeting in November, 1973. The government experts agreed on most of the articles and annexes.

Once the foundation had been laid, the Diplomatic Conference on the Protection of the Marine Environment of the Baltic Sea Area could be convened. This meeting was held in Helsinki in Finlandia Hall on March 22, 1974. Representatives of the Governments of the Baltic Sea States signed the Convention on March 22, 1974.

The Convention consists of 29 articles and 6 annexes. It is a comprehensive convention on the protection of the marine environment and designed to ensure that the pollution of the Baltic Sea will be monitored and reduced. Both pollution caused by shipping and coming from the land are covered. Pollution from land-based sources comprises both pollution carried into the Baltic Sea through watercourses and pipelines, and pollution contained in exhaust gases that are introduced into the Baltic Sea through the air. The goal of the Convention is to prevent and reduce both types of pollution.

The Convention totally prohibits dumping (i.e. the deliberate introduction of solid wastes into the Baltic Sea), excluding harmless dredged spoils. It also includes provisions concerning co-operation between the Contracting Parties in accidents which may cause pollution of the Baltic Sea. The provisions of the draft Convention concerning ship-based pollution have for the most part been derived from the International Convention on the Prevention of the Pollution from Ships, 1973. In addition, the Contracting Parties agreed on certain special provisions for the Baltic Sea Area, which will be considerably stricter than the provisions for the true oceans.

The Convention includes articles setting forth principles for combatting the harmful effects of leisure-time boating, on reducing the possible harmful effects of the exploration and exploitation of the sea-bed, on the definition of the responsibility of the Contracting Parties, and on the settlement of disputes between the Contracting Parties. The establishment of a permanent Baltic Sea Commission for the protection of the environment is of key importance for the further development of the protection of this sea. The Secretariat of the Commission will be situated in Helsinki. Principles for scientific and technological co-operation concerning the protection of the Baltic Sea have also been laid down in the Convention.

Some of the articles have been defined in detail in the annexes. These include, for example, lists of substances which the governments will ensure are introduced into the Baltic in only strictly limited quantities and substances which can be introduced into the Baltic only if prior permission has been granted by the competent national authority. Furthermore, certain principles and goals concerning the quality of municipal and industrial waste waters are set forth. The annexes dealing with the prevention of pollution caused by navigation give very detailed regulations on measures which should be taken in order to prevent the introduction of wastes from ships into the sea, and to ensure the safety of the transportation of harmful substances.

The articles of the Convention constitute a basic framework, but procedures for the amendment of the Convention have been established. New provisions and regulations or changes in the existing provisions will be made by supplementing or amending the annexes. One of the main tasks of the Baltic Marine Environment Protection Commission is to keep the convention under continuous review and to ensure that necessary changes are made. In order to complete this task, the Commission will consider and make proposals for amendments and changes to the convention and send them to the Contracting Parties for approval.

The Convention on the Protection of the Marine Environment of the Baltic Sea, after its ratification by the signatories, will be the first comprehensive convention on the marine environment in the world. It will be important evidence of the understanding and co-operation between the seven Baltic Sea States.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

*Absent as a Member
of Government*

Heikki Valvanne

Päiviö Hetemäki

Pentti Uusivirta

Pertti Tammivuori
ad int.

Directors

Jouko J. Voutilainen

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Senior officials

Pertti Kukkonen

Director, ADP-planning

Pauli Kanerva

Administration

K. Ignatius

Personnel

Antti Lehtinen

*Domestic Financial
Operations*

Kalle Koski

Capital Transfers

Kari Nars

Foreign Exchange Policy

Raili Nuortila

Eastern Trade

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept.

Heikki Koskenkylä

Research Dept., ad int.

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign Correspondence

Väinö Heiskanen

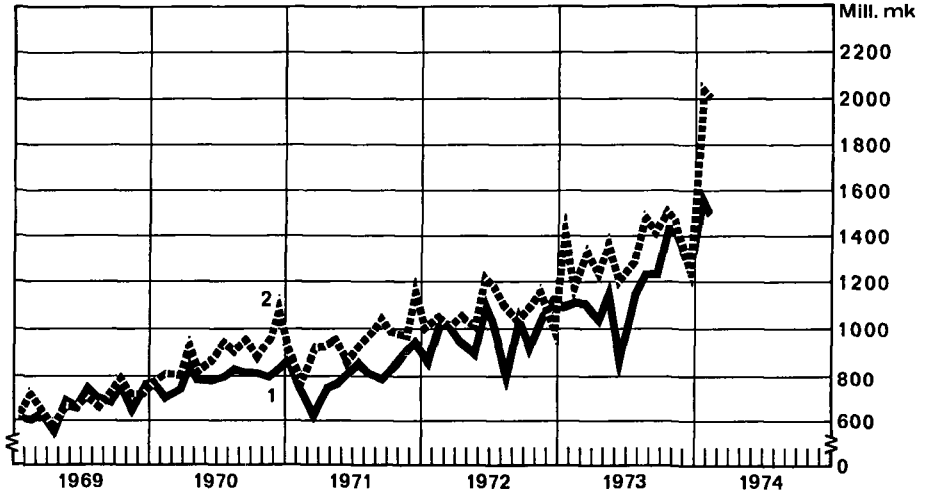
Banking Services

Eino Suomela

Internal Audit

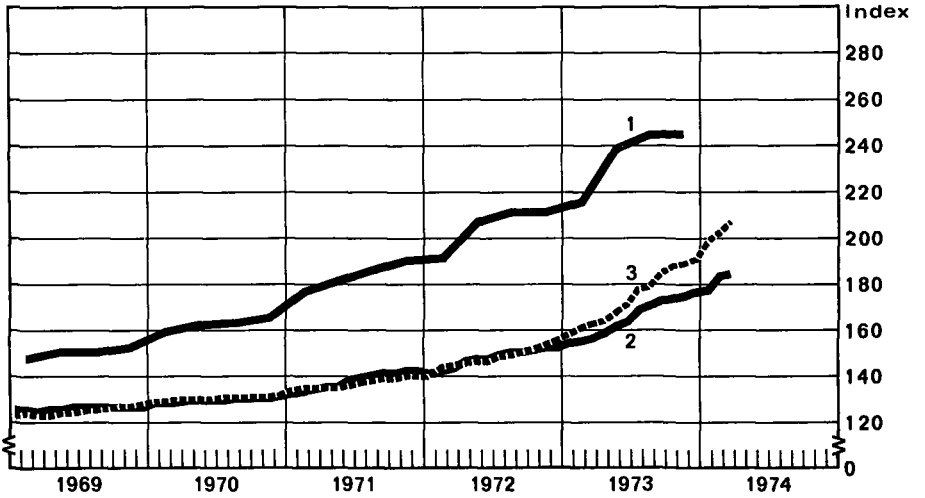
Foreign trade, 1969-1974

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



Prices and wages, 1969-1974

- 1. Index of salary and wage earnings 1964 = 100, quarterly
- 2. Cost of living index 1964 = 100, monthly
- 3. Wholesale price index 1964 = 100, monthly



Production, 1969-1974

- 1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

