



BANK OF FINLAND

Monthly Bulletin

**Finnish construction companies
in the international market**

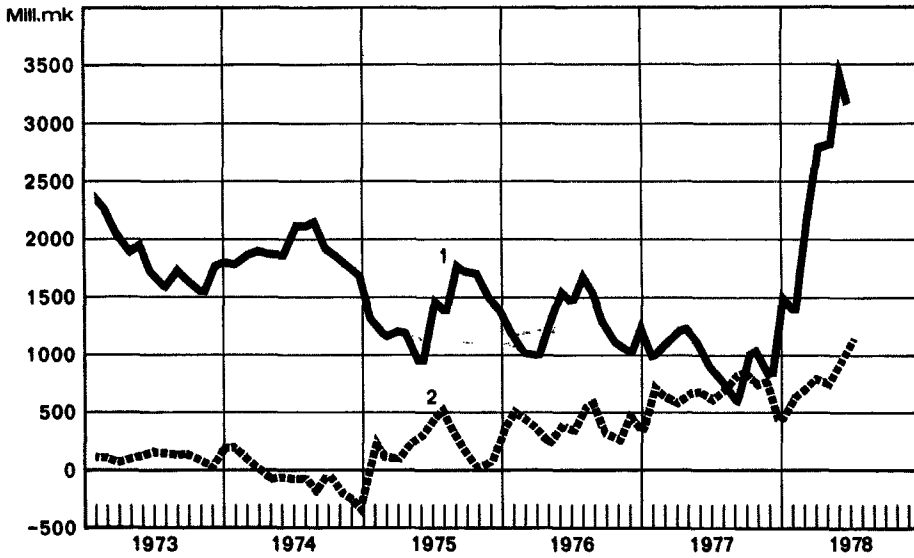
**Recent developments
in the Finnish travel balance**

**Finland's balance of payments
January—March 1978**

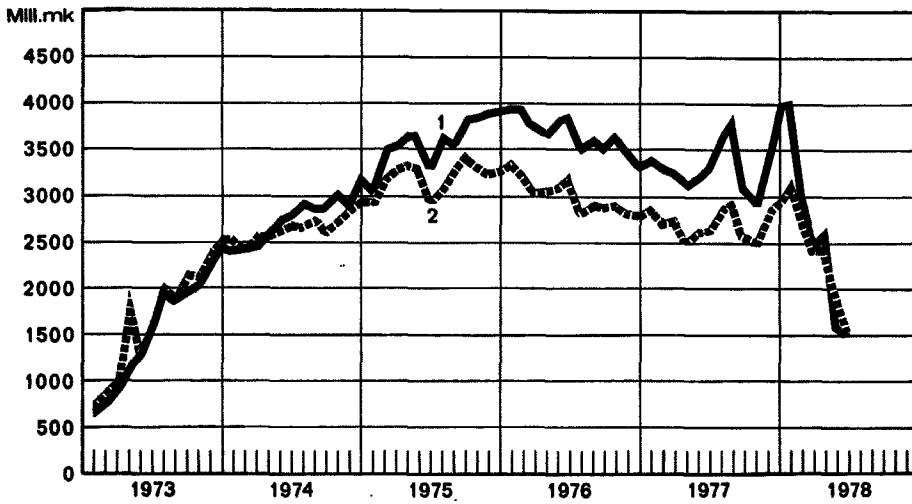
AUGUST 1978

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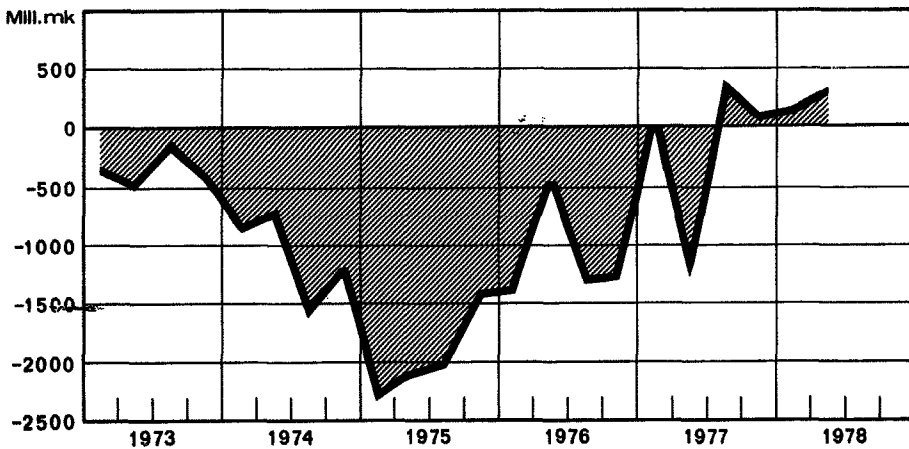
BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1973 - 1978



BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1973 - 1978



BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1973 - 1978



FINNISH CONSTRUCTION COMPANIES IN THE INTERNATIONAL MARKET

The construction industry has played a major role in the Finnish economy since the second world war. The rate of construction in the 1960s and, in particular, in the early 1970s was exceptionally high by international standards. In recent years in Finland, construction investment has accounted for 16 to 19 per cent of GDP at market prices while in Western Europe, for example, the corresponding share has been 10 to 13 per cent on average.

Due to domestic demand, the Finnish construction industry was still mainly involved in satisfying the home market at a time when construction industries in many other countries were intensively searching for markets abroad. However, during the present decade, and particularly the most recent years, the Finnish construction industry has taken on a new, international character. Within a few years, Finnish building contractors have gained a firm foothold in the construction markets of the Middle East, Africa and the Soviet Union. Exports of building materials and supplies and of know-how associated with building have also grown quickly.

This article deals with the so-called contracting exports, which are the foreign activities of Finnish construction companies. Contracting exports include not only the erection of buildings, i.e. construction as such, but also the supply of machinery, equipment and materials, and various installation services, as well as planning, training supervision and control assignments connected with the construction or use of the buildings.

THE DEVELOPMENT AND STRUCTURE OF CONTRACTING EXPORTS

Finnish construction companies completed their first contracts abroad in the late 1950s.

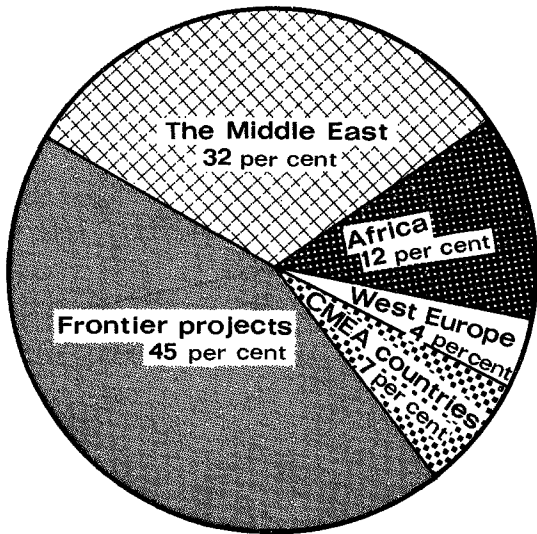
Activity abroad increased somewhat during the following decade, but before 1972 the annual foreign invoicing never exceeded 100 million marks in terms of 1977 currency. Foreign invoicing amounted to about 1 100 million marks in 1977.

During 1972—1975 the emphasis in contracting exports was clearly on construction work close to the frontier between Finland and the Soviet Union. From the Finnish companies' point of view, this work was equivalent to domestic construction since the projects involved the same proportion of Finnish inputs of labour, planning and materials. In Finland, between 85 and 90 per cent of construction inputs are domestic.

The most extensive frontier project is the subject of an agreement concluded in the spring of 1977 between a Soviet buyer and a consortium of the largest Finnish construction companies. By 1982 the Finns are to build a large mining industry combine and a town for 9 000 inhabitants, at Kostamus some 40 kilometres into the Soviet Union. This is the largest Finnish export project ever and at the time the agreement was signed it was valued at approximately 2 700 million marks. In 1972—1976, invoicing arising from frontier projects totalled an average of 250—300 million marks each year, but since the start of the Kostamus project it has amounted to 700—800 million marks. At present, two new projects totalling nearly 1 500 million marks, are being negotiated.

Apart from the frontier projects, Finnish construction companies did not have many projects abroad before 1974. Since then, the so-called far-off exports have grown very quickly with their value roughly doubling in each of the past three years. In fact, since 1976 these projects have accounted for a larger share of Finnish contracting exports than have the frontier projects.

BREAKDOWN OF THE INVOICING (1 100 MILL. MK) OF FINNISH BUILDING PROJECTS ABROAD IN 1977



Out of the total invoicing by Finnish contractors, more than 350 million marks accrued from the Middle East, about 150 million marks from Africa, somewhat less than 100 million marks from the CMEA countries (excluding frontier projects) and less than 50 million marks from Western Europe.

The real break-through in far-off exports and the whole Finnish contracting export trade was in 1977, when contracts signed abroad, excluding the Kostamus contract, amounted to 1 900 million marks. In 1977, contracts for construction work abroad totalled about 4 600 million marks, exceeding the total value of contracts made in 1960—1976. About 40 new foreign projects were started by Finnish contractors in 1977, while about 120 projects in 22 different countries were started in 1960—1976.

The largest contract obtained from the Middle East consists of building 3 500 flats in two areas of Teheran, the capital of Iran. This contract is worth approximately 700 million marks. In Iraq, Finnish companies are building a network of vocational training schools to cover the whole country, a contract worth nearly

400 million marks. However, the greatest number of projects abroad, some of which are almost as large as those mentioned above, are under progress in Saudi Arabia.

The main emphasis in contracting exports to Africa has been on Nigeria, but there have also been many projects completed in Libya.

In 1978, the outlook for Finnish contracting exports has continued to be promising. By the beginning of June, Finnish companies had signed new building contracts abroad totalling the equivalent of more than 500 million marks, which was more than the total for 1976. Foreign invoicing by Finnish construction companies is expected to total almost 1 800 million marks in 1978.

In 1977 contracting exports accounted for about 5.5 per cent of the total value of Finnish domestic construction. The Association of Finnish Building Contractors has forecast that by 1980 this share will have increased to about 10 per cent, which is a very high figure by international standards. This increase in the share of exports results from the continued growth of exports but also from a stagnation in Finnish domestic construction during the second half of the 1970s.

SPECIAL FEATURES OF COMPETITIVENESS

The export orientation of Finnish construction companies came about because of the rapid rise of surplus capacity relative to domestic requirements. Since 1975 the volume of construction has fallen in two years by more than 20 per cent, and it will take ten years before the volume of construction returns to the level of the mid-1970s.

The fact that Finnish companies have been able to break through fairly rapidly into the international construction market with its increasing competition, is mainly attributable

(continued on page 27)

BANK OF FINLAND

Mill. mk

	1977		1978			
	July 29	Dec. 31	July 7	July 14	July 21	July 31
Assets						
Gold and foreign exchange receivables	1 629	2 139	4 580	4 779	4 802	4 686
Gold	127	133	133	133	133	133
Special drawing rights	206	204	167	167	167	167
Convertible currencies	522	1 265	3 061	3 272	3 352	3 283
Tied currencies	774	537	1 219	1 207	1 150	1 103
Other foreign receivables	1 874	1 959	2 621	2 627	2 660	2 659
Foreign bills	443	488	566	572	605	604
Foreign bonds	497	543	699	699	699	699
Currency subscription to Finland's quota in the IMF	934	928	1 356	1 356	1 356	1 356
Receivables from financial institutions	4 209	5 420	3 264	2 983	3 558	3 437
Cheque accounts of the commercial banks	116	110	119	106	104	84
Discounted bills	2 773	3 091	1 552	1 457	1 607	1 571
Bonds	361	354	335	350	296	340
Call money market advances	914	1 804	1 238	1 048	1 531	1 408
Other financial institution receivables	45	61	20	22	20	34
Receivables from the public sector	364	391	401	407	404	404
Bonds	65	60	71	75	75	75
Total coinage	296	304	327	326	326	326
Other public sector receivables	3	27	3	6	3	3
Receivables from corporations	1 498	1 416	1 307	1 300	1 300	1 297
New export bills	192	194	221	225	228	224
Financing of suppliers' credits	679	714	756	754	751	751
Bonds	181	214	202	202	201	202
Other corporate receivables	446	294	128	119	120	120
Other assets	75	85	61	61	61	61
Total	9 649	11 410	12 234	12 157	12 785	12 544
Liabilities						
Foreign exchange liabilities	108	94	55	56	58	59
Convertible accounts	56	53	40	42	41	40
Tied accounts	52	41	15	14	17	19
Other foreign liabilities	2 030	3 447	3 044	3 042	3 041	3 038
IMF mark accounts	1 772	1 838	2 320	2 320	2 320	2 320
Allocations of special drawing rights	258	300	301	301	301	301
Term liabilities	—	1 309	423	421	420	417
Notes and coins in circulation	3 157	3 167	3 594	3 580	3 538	3 520
Notes	2 895	2 892	3 298	3 283	3 241	3 222
Coins	262	275	296	297	297	298
Deposit certificates in circulation	180	200	550	760	760	760
Claims of financial institutions	802	1 194	1 730	1 507	2 157	2 032
Cheque account of Postipankki	0	1	0	0	16	0
Cheque accounts of the commercial banks	5	3	0	1	1	1
Call money market deposits	706	850	1 349	1 143	1 777	1 623
Capital import deposits	—	246	329	327	322	357
Other financial institution claims	91	94	52	36	41	51
Claims of the public sector	389	328	221	202	238	203
Cheque accounts	0	2	0	0	19	1
Counter-cyclical reserves	34	36	38	38	38	38
Capital import deposits	—	287	182	181	180	163
Other public sector claims	355	3	1	1	1	1
Claims of corporations	232	242	388	352	349	304
Investment deposits	48	35	38	38	38	46
Capital import deposits	171	181	336	301	300	245
Import levy deposits	12	19	9	8	8	8
Other corporate claims	1	7	5	5	3	5
Other liabilities	16	13	16	16	14	14
Equalization accounts	820	671	594	581	585	568
Capital accounts	1 915	2 054	2 042	2 043	2 045	2 046
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	436	436	545	545	545	545
Undisposed profits	—	—	—	—	—	—
Net earnings	79	218	97	98	100	101
Total	9 649	11 410	12 234	12 157	12 785	12 544

End of year or month	Foreign sector						Public sector			Deposit certificates in circulation	
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserves (1-2)	Tied exchange reserves	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities		Net liabilities (9-8)
	1	2	3	4	5	6	7	8	9	10	11
1971	2 620	30	2 590	-297	686	704	2 275	148	140	8	400
1972	2 613	43	2 570	-6	757	788	2 533	175	49	-126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	-388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250
1976	1 361	50	1 311	389	1 660	1 923	1 437	447	1 133	686	-
1977	1 602	53	1 549	496	1 959	3 447	557	391	328	-63	200
1977											
May	1 152	39	1 113	714	1 851	2 030	1 648	377	581	204	180
June	965	48	917	652	1 855	2 030	1 394	362	430	68	180
July	855	56	799	722	1 874	2 030	1 365	364	389	25	180
Aug	697	50	647	841	1 857	2 131	1 214	360	353	-7	180
Sept.	1 072	51	1 021	878	1 856	2 134	1 621	365	343	-22	180
Oct.	1 121	47	1 074	771	1 893	2 134	1 604	363	286	-77	180
Nov.	903	46	857	797	1 912	2 556	1 010	364	407	43	180
Dec.	1 602	53	1 549	496	1 959	3 447	557	391	328	-63	200
1978											
Jan.	1 492	40	1 452	648	1 983	3 360	723	399	320	-79	180
Feb.	2 236	36	2 200	730	2 093	3 393	1 630	401	297	-104	180
March	2 854	40	2 814	822	2 142	3 391	2 387	405	288	-117	0
April	2 890	51	2 839	785	2 187	3 408	2 403	382	289	-93	-
May	3 596	38	3 558	995	2 636	3 914	3 275	382	229	-153	-
June	3 284	98	3 186	1 149	2 641	3 046	3 930	393	222	-171	400
July	3 583	40	3 543	1 084	2 659	3 038	4 248	404	203	-201	760

FOREIGN EXCHANGE SITUATION

Mill. mk

CURRENCY INDEX¹

	Net holdings, June 30, 1978			Change		1974 = 100
	Bank of Finland	Other	Total	June	Jan.—June	
Gold	133	-	133	-	-	1978
Special drawing rights	167	-	167	-	-37	March 117.3
IMF gold tranche	-	-	-	-	-	April 117.2
Convertible currencies	2 886	-2 825	61	-119	+1 634	May 117.5
Total	3 186	-2 825	361	-119	+1 597	June 118.5
Tied currencies	1 150	138	1 288	+137	+646	July 118.5

¹ See page 19, CURRENCY

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and re-dis-counted bills	Cheque account receiv-ables	Other receiv-ables	Cheque account liabilities to the commer-cial banks	Cheque account liabilities to Posti-pankki	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1971	849	—	—	9	2	—	838	355	385	— 30	1 413
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855
1976	2 920	174	1 580	2	2	1 139	3 531	1 400	308	1 092	2 885
1977	3 091	110	2 219	3	1	1 190	4 226	1 416	242	1 174	3 167
1977											
May	2 749	110	1 193	2	0	832	3 218	1 437	263	1 174	2 932
June	2 768	128	1 305	5	0	768	3 428	1 459	230	1 229	3 154
July	2 773	116	1 320	5	0	797	3 407	1 498	232	1 266	3 157
Aug	2 779	85	1 463	1	1	846	3 479	1 439	260	1 179	3 022
Sept.	2 700	140	1 303	5	0	1 010	3 128	1 476	266	1 210	3 079
Oct.	2 722	122	1 691	1	0	1 376	3 158	1 467	305	1 162	3 072
Nov.	3 058	132	1 809	1	0	1 142	3 856	1 428	236	1 192	3 075
Dec.	3 091	110	2 219	3	1	1 190	4 226	1 416	242	1 174	3 167
1978											
Jan.	3 060	139	2 575	1	0	1 900	3 873	1 439	239	1 200	2 990
Feb.	2 658	149	2 698	1	0	2 440	3 064	1 504	331	1 173	3 040
March	2 454	123	2 288	1	0	2 340	2 524	1 477	386	1 091	3 333
April	2 346	157	2 012	3	0	1 985	2 527	1 483	389	1 094	3 302
May	2 004	120	1 710	1	0	2 223	1 610	1 386	416	970	3 271
June	1 607	109	1 870	2	0	2 042	1 542	1 311	386	925	3 572
July	1 571	84	1 782	1	0	2 031	1 405	1 297	304	993	3 520

SELLING RATES FOR FOREIGN EXCHANGE

Mk

July 19, 1978

New York ¹	1 \$	4.218	Frankfurt o. M.	100 DM	204.80	Vienna	100 S	28.40
Montreal	1 \$	3.760	Amsterdam	100 Fl	189.80	Lisbon	100 Esc	9.42
London	1 £	7.979	Brussels ²	100 Fr		Madrid	100 Pta	5.49
Stockholm	100 Kr	92.80	Zurich	100 Fr	231.70	Tokyo	100 Y	2.099
Oslo	100 Kr	78.30	Paris	100 FF	94.90	Reykjavik	100 Kr	1.64
Copenhagen	100 Kr	75.20	Rome	100 Lit	0.504	Moscow ³	1 Rbl	6.175

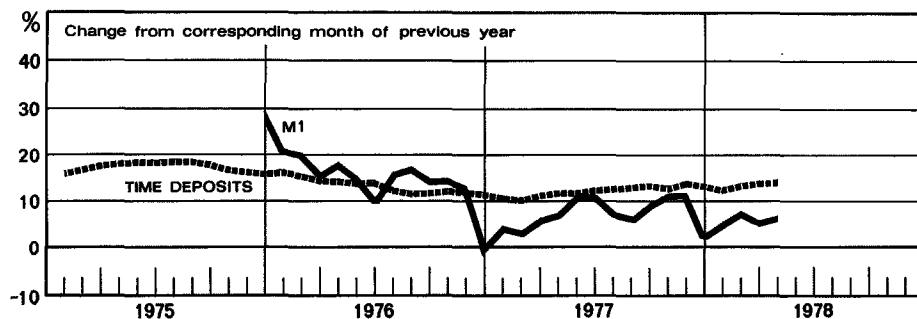
¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.² 13.030 commercial rate; 12.880 financial rate.³ Clearing account; also Bucharest.

DEPOSITS BY THE PUBLIC¹

Mill. mk

End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1974	2 723	913	1 638	5 274	10 811	8 279	6 299	2 646	28 035	33 309
1975	3 472	1 181	2 309	6 962	12 176	9 743	7 530	3 200	32 649	39 611
1976	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	36 608	43 372
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1976										
Dec.	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	36 608	43 372
1977										
Jan.	3 013	1 205	2 382	6 600	13 324	11 162	8 718	3 692	36 896	43 496
Feb.	2 816	1 262	2 504	6 582	13 306	11 267	8 815	3 741	37 129	43 711
March	2 973	1 342	2 353	6 668	13 371	11 353	8 880	3 825	37 429	44 097
April	3 013	1 299	2 388	6 700	13 557	11 428	9 007	3 825	37 817	44 517
May	3 287	1 359	2 253	6 899	13 598	11 594	9 074	3 850	38 116	45 015
June	3 267	1 406	2 231	6 904	13 740	11 815	9 211	3 909	38 675	45 579
July	3 031	1 407	2 131	6 569	13 828	11 995	9 330	3 954	39 107	45 676
Aug.	3 271	1 486	2 049	6 806	13 960	12 120	9 474	3 989	39 543	46 349
Sept.	3 042	1 431	2 053	6 526	13 966	12 101	9 471	3 978	39 516	46 042
Oct.	3 147	1 495	2 027	6 669	14 167	12 152	9 491	4 012	39 822	46 491
Nov.	3 342	1 508	2 027	6 877	14 382	12 350	9 697	4 066	40 495	47 372
Dec.	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978										
Jan.	3 096	1 351	2 330	6 777	14 890	12 747	9 903	4 203	41 743	48 520
Feb.	3 106	1 468	2 478	7 052	15 191	12 901	9 996	4 243	42 331	49 383
March	2 922	1 420	2 340	6 682	15 350	13 058	10 107	4 363	42 878	49 560
April	3 068	1 414	2 415	6 897	15 596	13 190	10 225	4 368	43 379	50 276

¹ New series. See explanations on page 18.

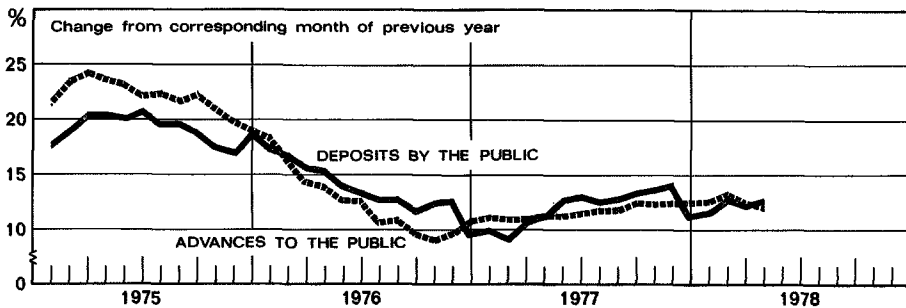


ADVANCES TO THE PUBLIC¹ — MONEY SUPPLY¹

Mill. mk

End of year and month	Advances granted by				Types of advances			Money Supply		
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency	Total (1 to 4) (5 to 7)	M ₁	M ₁ +Quasi- Money
	1	2	3	4	5	6	7	8	9	10
1974	17 462	7 715	6 457	4 653	33 261	1 136	1 890	36 287	7 549	35 943
1975	20 799	9 108	7 797	5 597	38 285	1 281	3 735	43 301	9 772	43 165
1976	22 077	10 615	9 247	6 120	42 617	1 569	3 873	48 059	9 601	47 014
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1976										
Dec.	22 077	10 615	9 247	6 120	42 617	1 569	3 873	48 059	9 601	47 014
1977										
Jan.	22 376	10 683	9 271	6 152	42 796	1 597	4 089	48 482	9 382	47 443
Feb.	22 535	10 761	9 276	6 178	42 914	1 631	4 205	48 750	9 398	47 255
March	22 703	10 801	9 279	6 293	42 941	1 621	4 514	49 076	9 496	47 693
April	23 175	10 885	9 313	6 242	43 243	1 551	4 821	49 615	9 620	48 164
May	23 240	11 055	9 405	6 337	43 679	1 545	4 813	50 037	9 786	48 845
June	23 469	11 154	9 544	6 352	43 929	1 639	4 951	50 519	9 996	49 380
July	23 475	11 263	9 668	6 312	44 229	1 575	4 914	50 718	9 651	49 509
Aug.	23 598	11 430	9 791	6 351	44 670	1 660	4 840	51 170	9 818	50 103
Sept.	24 063	11 640	9 962	6 476	45 328	1 659	5 154	52 141	9 670	50 258
Oct.	24 149	11 823	10 120	6 598	45 946	1 717	5 027	52 690	9 732	50 614
Nov.	24 440	12 004	10 283	6 676	46 592	1 723	5 088	53 403	9 933	51 436
Dec.	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978										
Jan.	24 843	12 421	10 575	6 852	47 794	1 763	5 134	54 691	9 875	52 716
Feb.	25 472	12 509	10 636	6 731	47 977	1 787	5 584	55 348	10 137	53 709
March	25 599	12 553	10 650	6 500	47 817	1 732	5 753	55 302	10 058	54 272
April	25 820	12 661	10 743	6 488	48 097	1 641	5 974	55 712	10 272	54 990

¹ New series. See explanations on page 18.



FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1973	14 605	16 599	-1 994
1974	20 687	25 666	-4 979
1975	20 247	28 002	-7 755
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223

1977			
April	2 084	2 169	- 85
May	2 233	2 421	-188
June	2 541	3 119	-578
July	2 833	2 442	+391
Aug.	2 240	2 398	-158
Sept.	2 901	2 849	+ 52
Oct.	2 991	2 583	+408
Nov.	2 960	2 891	+ 69
Dec.	3 141	3 050	+91

1978*			
Jan.	2 511	2 631	-120
Feb.	2 524	2 188	+336
March	2 750	2 565	+185
April	2 894	2 426	+468
May	2 942	2 935	+7

Jan.-May			
1977	11 324	11 376	-52
1978*	13 621	12 745	+876

Indices of exports and imports 1975 = 100

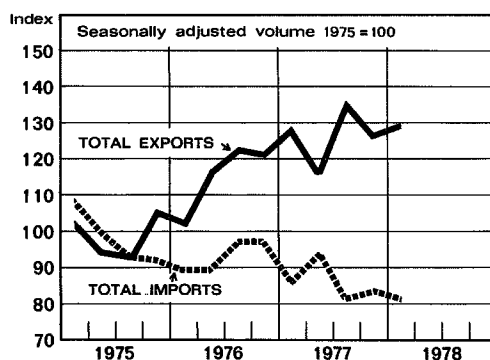
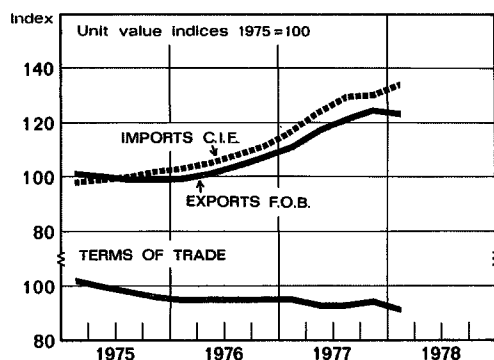
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1973	121	93	60	64	94
1974	121	100	85	92	92
1975	100	100	100	100	100
1976	117	96	103	107	97
1977	129	88	119	124	96

1975					
July-Sept.	89	94	100	101	99
Oct.-Dec.	116	100	100	103	97

1976					
Jan.-March	99	87	100	104	96
Apr.-June	114	84	102	106	96
July-Sept.	116	98	105	109	96
Oct.-Dec.	136	107	108	112	96

1977					
Jan.-March	124	83	112	116	97
Apr.-June	115	88	118	125	94
July-Sept.	129	84	122	130	94
Oct.-Dec.	143	93	125	131	95

1978*					
Jan.-March	124	78	124	135	92



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	
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83

1977*

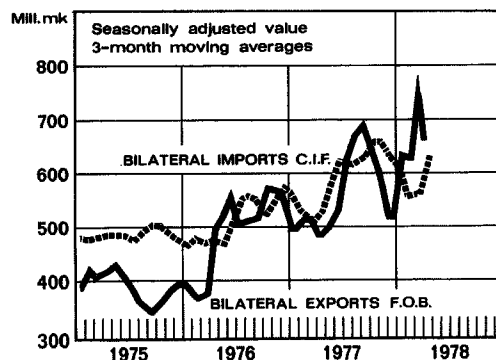
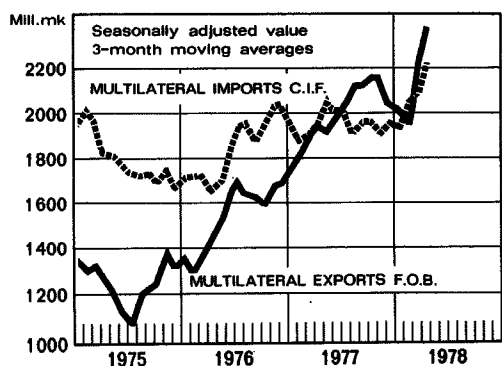
April	54	246	630	600	554	1 278	107	372	405	7
May	106	350	681	435	661	1 451	148	370	441	11
June	91	367	750	770	563	1 984	202	564	353	16
July	87	352	701	1 045	648	1 609	178	318	316	21
Aug.	48	339	674	605	574	1 590	166	276	356	10
Sept.	44	337	794	943	783	1 792	284	371	399	3
Oct.	41	321	753	1 106	770	1 650	222	321	389	1
Nov.	44	417	896	802	801	1 729	198	511	453	0
Dec.	143	346	836	963	853	1 876	230	526	415	3

1978*

Jan.	160	322	721	656	652	1 567	193	493	376	2
Feb.	34	266	821	727	676	1 395	124	327	340	2
March	153	322	901	546	828	1 564	89	475	436	1
April	19	348	907	799	821	1 445	123	402	455	1
May	113	431	850	729	819	1 823	199	412	501	0

Jan.-May

1977	589	1 375	3 394	2 950	3 016	6 898	586	1 941	1 922	29
1978*	479	1 689	4 200	3 457	3 796	7 794	728	2 109	2 108	6



FOREIGN TRADE BY COUNTRIES¹

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—May				January—May			
	1977*		1978*		1977*		1978*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	66.9	7 573	62.3	8 486	62.3	7 082	61.0	7 769
Austria	0.8	91	0.7	97	1.6	182	1.4	182
Belgium and Luxembourg	1.7	190	2.0	277	2.1	239	1.9	239
Denmark	4.1	466	4.0	544	2.8	318	2.8	354
France	3.6	412	4.0	544	3.1	351	3.4	433
Federal Republic of Germany	11.1	1 252	10.8	1 473	15.0	1 705	14.0	1 788
Italy	1.5	165	1.7	227	2.4	270	2.5	312
Netherlands	3.8	436	3.8	517	2.9	327	2.9	373
Norway	4.8	542	4.2	573	3.0	342	3.1	390
Portugal	0.2	26	0.2	27	0.5	53	0.3	44
Spain	1.0	112	0.8	103	1.8	201	0.7	93
Sweden	17.5	1 977	14.5	1 978	15.2	1 735	15.4	1 959
Switzerland	1.9	210	1.9	256	2.2	246	2.2	277
United Kingdom	12.7	1 442	12.4	1 688	9.3	1 065	9.8	1 251
Other	2.2	252	1.3	182	0.4	48	0.6	74
OECD countries outside Europe	6.6	744	7.1	968	9.1	1 037	8.5	1 092
Canada	0.7	82	0.6	82	0.3	33	0.4	49
Japan	0.7	74	0.9	122	3.2	364	2.9	372
United States	4.4	503	4.6	624	5.4	618	5.0	641
Other	0.8	85	1.0	140	0.2	22	0.2	30
CMEA countries	18.8	2 132	20.6	2 808	20.2	2 298	20.9	2 670
Czechoslovakia	0.5	58	0.4	62	0.5	54	0.5	60
German Democratic Republic	1.2	139	0.5	74	0.6	68	0.6	82
Poland	0.8	93	0.8	106	1.7	197	2.2	280
Soviet Union	15.4	1 738	17.8	2 421	16.8	1 908	16.7	2 124
Other	0.9	104	1.1	145	0.6	71	0.9	124
Latin America	1.4	162	3.2	435	4.2	483	4.1	518
Argentina	0.2	23	0.2	22	0.2	21	0.3	36
Brazil	0.5	58	0.5	66	0.7	75	0.7	91
Colombia	0.1	8	0.1	17	1.4	164	1.6	206
Other	0.6	73	2.4	330	1.9	223	1.5	185
Other	6.3	713	6.8	924	4.2	476	5.5	696
GRAND TOTAL	100.0	11 324	100.0	13 621	100.0	11 376	100.0	12 745
of which								
EFTA countries	25.3	2 860	21.7	2 950	22.6	2 576	22.6	2 882
EEC countries	39.1	4 432	39.3	5 364	37.7	4 291	37.5	4 774
OECD countries	73.0	8 317	69.4	9 454	71.4	8 119	69.5	8 861

¹ New series. See explanations on page 18.

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
1975	20 181	27 939	-7 758	+ 984	+105	+217	-6 452	-1 414	-108	-7 974
1976	24 372	28 472	-4 100	+1 193	+ 22	+245	-2 640	-1 749	-118	-4 507
1977*	30 766	30 625	+ 141	+1 388	- 3	+411	+1 937	-2 434	-147	- 644

1975

July-Sept.	4 482	6 649	-2 167	+237	+142	+ 57	-1 731	-308	- 6	-2 045
Oct.-Dec.	5 961	7 234	-1 373	+234	- 7	+206	- 940	-411	-30	-1 381

1976

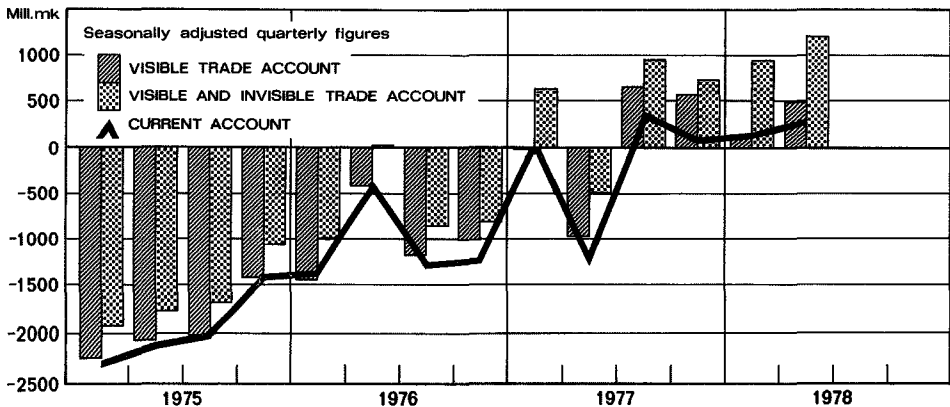
Jan.-March	4 987	6 307	-1 320	+252	- 50	+ 65	-1 053	-347	-35	-1 435
Apr.-June	5 864	6 224	- 360	+252	+ 49	+ 26	- 33	-485	-26	- 544
July-Sept.	6 098	7 515	-1 417	+365	+ 62	+110	- 880	-434	-17	-1 331
Oct.-Dec.	7 423	8 426	-1 003	+324	- 39	+ 44	- 674	-483	-40	-1 197

1977

Jan.-March	6 977	6 765	+ 212	+ 330	- 80	+ 82	+ 544	- 506	-46	- 8
Apr.-June	6 817	7 689	- 872	+ 298	+ 10	+ 49	- 515	- 726	-12	-1 253
July-Sept.	7 931	7 671	+ 260	+ 376	+118	+180	+ 934	- 532	-30	+ 372
Oct.-Dec.	9 041	8 500	+ 541	+ 384	- 51	+100	+ 974	- 670	-59	+ 245

1978*

Jan.-March	7 752	7 359	+ 393	+ 368	- 66	+165	+ 860	- 613	-63	+ 184
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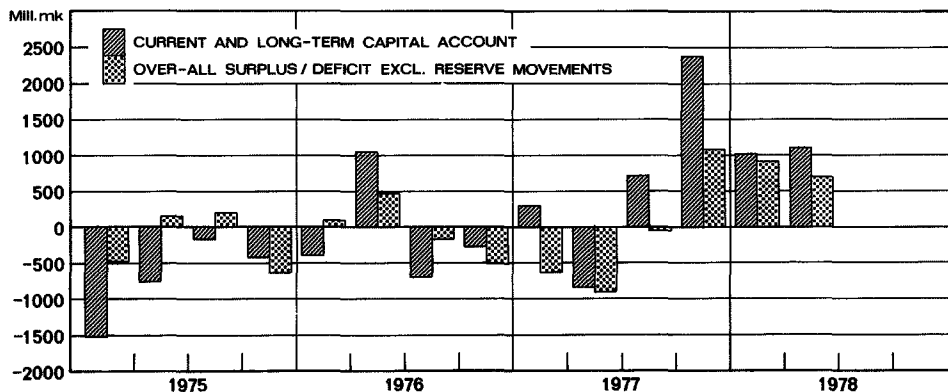


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+6 729	-1 445	-214	+ 62	+5 132	-2 842	+ 638	+1 449	+ 8	- 747	-444	+1 191
+6 130	-1 785	-191	+ 48	+4 202	- 305	+ 138	-1 288	+1 327	- 128	+ 78	+ 50
+6 454	-2 745	-241	-229	+3 239	+2 595	-1 547	- 470	-1 067	- 489	-170	+ 659
+2 121	-287	- 3	+ 57	+1 888	- 157	+ 131	- 34	+ 265	+ 205	+ 91	- 296
+1 532	-415	-139	- 15	+ 963	- 418	+ 337	- 33	- 518	- 632	+165	+ 467
+1 404	-374	+ 5	+ 11	+1 046	- 389	- 628	+ 119	+ 996	+ 98	+373	- 471
+2 096	-394	- 95	- 7	+1 600	+1 056	- 158	+ 120	- 560	+ 458	-485	+ 27
+1 239	-568	- 11	- 25	+ 635	- 696	+ 565	- 764	+ 722	- 173	+263	- 90
+1 391	-449	- 90	+ 69	+ 921	- 276	+ 359	- 763	+ 169	- 511	- 73	+ 584
+1 022	-550	-127	- 24	+ 321	+ 313	- 799	+ 149	- 268	- 605	-140	+ 745
+1 273	-857	+ 35	- 37	+ 414	- 839	- 333	+ 149	+ 117	- 906	+358	+ 548
+1 252	-647	-156	- 89	+ 360	+ 732	+ 227	- 384	- 630	- 55	-319	+ 374
+2 907	-691	+ 7	- 79	+2 144	+2 389	- 642	- 384	- 286	+1 077	- 69	-1 008
+1 876	-854	-170	- 14	+ 838	+1 022	-568	+ 671	-201	+ 924	-1 556	+ 632

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 1973 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1976	626	646	548	614	707	621	679	594	614	152	142	154
1977	692	713	610	667	804	695	728	654	695	171	154	176
1977												
Aug.	696	718	610	667	806	706	727	663	700	175	158	180
Sept.	701	722	621	673	826	705	730	665	707	175	158	180
Oct.	703	722	631	675	829	709	735	665	710	175	157	180
Nov.	705	723	632	677	830	709	737	665	711	176	157	181
Dec.	705	724	634	677	833	710	735	666	713	176	157	182
1978												
Jan.	706	725	637	675	845	713	730	667	719	177	155	183
Feb.	711	730	639	679	853	719	736	665	727	177	155	183
March	716	731	658	683	869	719	736	670	733	178	155	184
April	717	733	658	683	869	725	740	669	736	178	156	185
May	721	734	669	687	877	726	737	675	741	180	160	185
June	721	734	674	687	884	725	737	673	743	180	160	185
Consumer prices 1972 = 100												
Period	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	Trans- port	Education and recreation	Other goods and services
1976	449	352	174	182	164	166	171	200	164	174	162	185
1977	506	397	196	216	174	181	183	221	181	197	188	209
1977												
Aug.	518	407	201	226	174	179	190	223	183	202	191	213
Sept.	520	408	202	225	174	184	190	223	184	202	193	215
Oct.	522	410	203	225	174	185	190	229	185	203	194	216
Nov.	524	412	204	226	174	187	192	230	186	203	195	217
Dec.	525	412	204	225	174	186	192	233	187	205	196	217
1978												
Jan.	526	412	204	222	174	183	192	234	188	209	198	218
Feb.	532	417	207	223	190	187	192	235	188	212	198	222
March	533	419	207	224	190	190	192	235	189	212	198	223
April	536	420	208	224	190	192	192	236	190	213	200	223
May	544	427	211	224	204	193	195	235	190	218	201	229
June	544	427	211	224	204	193	195	235	190	218	201	230

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	Industry	Construction							
1976	599	442	428	361	360	353	416	346	441	399
1977*	669	484	456	385	387	375	451	372	477	431
1976										
July-Sept.	602	448	434	364	364	355	425	349	451	406
Oct.-Dec.	639	456	440	364	364	356	426	350	451	407
1977*										
Jan.-March	653	457	440	372	374	364	428	357	453	411
Apr.-June	665	488	454	385	391	378	455	373	484	435
July-Sept.	670	493	463	388	390	379	460	376	487	438
Oct.-Dec.	705	498	466	396	394	380	466	383	491	444
1978*										
Jan.-March	695	499	466	397	395	380	468	384	493	445

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
1975	161	192	100	83	175	104	158	188	166	168	169
1976*	163	195	101	79	156	103	160	191	173	176	174
1977*	162	191	96	83	157	101	160	186	181	182	178
1976*											
Jan.-March	157	202	62	84	123	102	149	182	171	174	172
Apr.-June	161	195	97	91	137	106	157	187	172	175	174
July-Sept.	160	167	178	56	169	101	161	186	173	176	174
Oct.-Dec.	172	216	67	86	196	102	171	207	177	179	177
1977*											
Jan.-March	158	200	61	99	128	100	152	175	179	180	177
Apr.-June	159	190	81	94	139	103	157	184	180	180	177
July-Sept.	159	167	166	54	170	101	162	180	181	182	178
Oct.-Dec.	171	209	76	83	190	102	171	204	185	184	180

PRODUCTION

Index of industrial production 1970 = 100

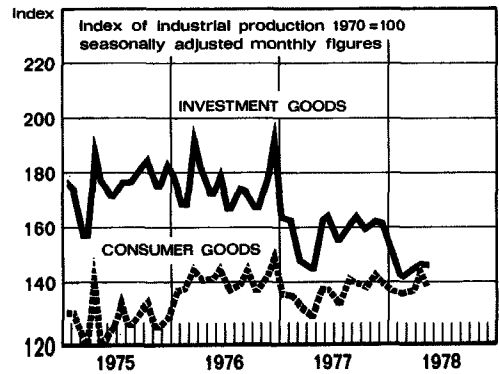
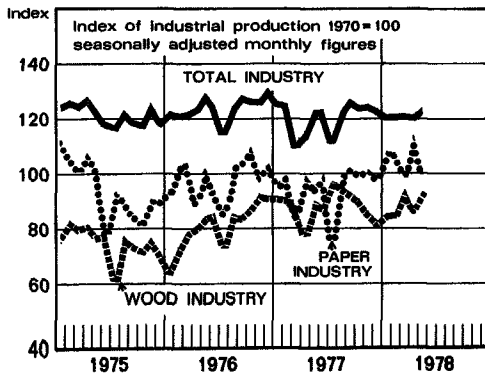
Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1974	127	141	122	135	112	107	124	154	136	141	127
1975	122	178	110	130	113	76	95	143	128	150	122
1976	125	179	108	143	110	82	99	148	119	150	124
1977*	122	160	108	138	109	89	96	140	115	142	122

1977*

March	126	160	112	141	103	101	94	147	115	146	111
April	115	151	102	128	99	92	90	136	96	136	115
May	130	180	114	148	115	114	101	134	127	158	123
June	118	173	101	139	106	95	79	106	123	152	123
July	64	63	58	78	95	41	58	77	61	51	117
Aug.	125	154	110	145	115	88	108	137	121	139	123
Sept.	135	179	120	151	115	97	115	147	132	158	127
Oct.	134	176	120	150	123	92	110	141	128	156	125
Nov.	136	181	121	155	127	97	109	151	122	162	125
Dec.	124	155	111	140	111	82	92	152	104	143	124

1978*

Jan.	131	168	118	143	104	86	109	162	118	149	122
Feb.	125	154	112	140	95	84	110	152	114	138	122
March	132	162	118	148	104	102	105	170	117	147	122
April	130	156	117	145	107	112	112	164	123	142	121
May	135	167	121	151	119	123	109	149	122	153	124



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un-employed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1972 = 100	Wholesalers' volume index 1972 = 100
1975	3 513	2 272	2 221	51	2.2	29 133	122	127
1976*	3 547	2 254	2 163	91	4.0	27 305	123	127
1977*	3 561	2 248	2 111	137	6.1	27 814	112	121
1977*								
May	3 556	2 207	2 073	134	6.1	2 856	115	128
June	3 564	2 425	2 287	138	5.7	1 870	117	119
July	3 562	2 436	2 288	148	6.1	685	115	104
Aug.	3 563	2 329	2 188	141	6.0	1 240	118	127
Sept.	3 565	2 222	2 100	122	5.5	1 824	116	133
Oct.	3 567	2 218	2 092	126	5.7	2 090	111	125
Nov.	3 567	2 195	2 050	145	6.6	2 355	111	124
Dec.	3 570	2 210	2 051	159	7.2	2 714	137	133
1978*								
Jan.	3 572	2 199	2 007	192	8.7	2 625	94	102
Feb.	3 571	2 187	2 001	186	8.5	3 076	92	110
March	3 572	2 195	2 007	188	8.5	3 641	105	123
April	3 576	2 172	2 004	168	7.7	3 443	107	120

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											
1974	53.23	22.35	3.26	21.30	3.52	46.50	21.54	2.75	17.04	3.14	52.84
1975	51.42	19.65	3.79	21.62	3.39	47.85	20.59	2.80	18.68	3.64	52.45
1976	46.89	19.95	3.93	15.81	3.84	41.25	17.74	3.16	15.40	2.59	51.85
1977*	41.62	18.82	4.23	11.90	3.72	43.12	17.89	3.01	16.57	3.28	48.38
1976											
Oct.-Dec.	11.96	4.09	0.69	5.12	1.45	13.15	6.29	1.19	4.02	0.81	51.85
1977*											
Jan.-March	6.73	2.92	0.66	1.91	0.83	9.43	3.59	0.47	4.51	0.57	47.95
Apr.-June	13.22	7.00	1.71	2.69	0.80	8.76	4.16	0.38	2.76	0.99	51.52
July-Sept.	11.20	4.67	1.06	3.70	0.91	10.92	4.04	1.05	4.02	0.99	52.69
Oct.—Dec.	10.47	4.23	0.80	3.60	1.18	14.01	6.10	1.11	5.28	0.73	48.38
1978*											
Jan.-March	10.21	3.72	1.02	4.06	0.92	8.36	3.81	0.66	2.80	0.75	45.37

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 in connection with the revision of accounting legislation. New series have been built according to the revision. When the figures are not fully comparable to the previous ones, the series is broken by a line.

Page 4. *Foreign sector*: Gold and convertible exchange receivables = Gold + Special drawing rights + IMF gold tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights + Term liabilities.

Public sector: Receivables = Total coinage + Other public sector receivables + Bonds.

Liabilities = Cheque accounts + Counter-cyclical reserves + Capital import deposits + Other public sector claims.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other receivables = Call money market advances + Bonds + Other financial institution receivables. Other liabilities = Call money market deposits + Capital import deposits + Other financial institution claims.

Corporate sector: Receivables = New export bills + Financing of suppliers credits + Other corporate receivables + Bonds.

Liabilities = Investment deposits + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

Page 6. *Deposits by the public*. The central government and the financial institutions are mainly excluded from the public.

From 1974 deposits include domestic deposits denominated in foreign currency.

Page 7. *Advances to the public*. The central government and the financial institutions are not included in the public.

Postipankki's (Post Office Bank's) advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply. M_1 = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + demand deposits held by the public (incl. demand deposits at the Bank of Finland) Quasi-Money = Time deposits held by the public (incl. time deposits at the Bank of Finland)

Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

STATE FINANCES

Page 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 volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): from January 1978 imports by countries of origin exports by countries of consumption.

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. *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 since 1956 and he was re-elected for the period March 1, 1978, to March 1, 1984.

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 1975 is as follows: Social Democrats 54, People's Democrats 40, Centre Party 41, Conservatives 34, Swedish Party 10, Liberal Party 8, Christian League 9, Finnish Farmers Party 2 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 1956, IDA 1960, EFTA 1961, ADB 1966, OECD 1969, and IDB 1977.

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 (1976): 4.7 million. Sweden 8.2, Switzerland 6.4, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1976): In South Finland 46.2, in East and Central Finland 13.9, in North Finland 4.0 and in the whole country an average of 15.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1976): 41 % of the population inhabit the rural areas, 59 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 493 324 inhabitants. Tampere (Tammerfors) 166 179, Turku (Åbo) 164 520.

EMPLOYMENT (1976): Agriculture and forestry 14 %, industry and construction 35 %, commerce 15 %, transport and communication 8 % services 28 %.

LANGUAGE (1975): Finnish speaking 93.3 %, Swedish speaking 6.4 %, others 0.3 %.

EDUCATION (1977): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1976): births 14.0 ‰, deaths 9.4 ‰, change + 2.7 ‰, net emigration 2.0 ‰. Deaths in France 10.5 ‰ and Great Britain 12.2 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1976, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 407 (6 %), forestry and fishing 4 950 (5 %), manufacturing 31 509 (31 %), construction 9 233 (9 %), transport and communication 10 849 (11 %), commerce, banking and insurance 13 585 (14 %), public administration 5 264 (5 %), ownership of dwellings 3 639 (4 %), services 15 581 (15 %), total 101 017. Index of real domestic product 162 (1964 = 100).

FOREST RESOURCES (1976): The growing stock comprised of 1 520 million m³ (solid volume with bark) of which 45 % was pine and 37 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 637 million m³ was up to the standard required for logs, 56 % of these being pine. The annual growth was 57.4 million m³ and the total removal, calculated on the basis of roundwood consumption, was 42.4 million m³.

AGRICULTURE (1976): Cultivated land 2.3 million hectares. Number of holdings 242 700 of which 164 600 are of more than 5 ha. Measure of self-sufficiency in bread cereals 150 % in the crop year 1976/77.

INDUSTRY (1976): Gross value of industrial production 95 790 mill. marks, number of workers 412 718, salaried employees 136 890, motive power (1976) 6.8 mill. kW. Index of industrial production 125 for 1976 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1978): Length 6 063 km.

MERCHANT FLEET (April 30, 1978): Passenger vessels 118 (197 058 gross reg. tons), tankers 51 (1 165 653 gross reg. tons), dry cargo vessels 212 (958 002 gross reg. tons), other vessels 72 (9 640 gross reg. tons), total 453 (2 330 353 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1977): Passenger cars 1 075 400, lorries and vans 136 200, buses 8 800, others 7 200, total 1 227 600.

FINNISH AIRLINES (April 1, 1977): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9s, 5 DC-9-51s, 2 DC-10-30 and 5 Conqair Metropolitans. Companies have scheduled traffic outside of Finland to 32 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The permissible range of fluctuation is 2.25 per cent on either side of the arithmetic mean. The fluctuation limits are 121.7 and 116.4.

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, 1977). There are two big and five small commercial banks with in all 858 offices, 280 savings banks 376 co-operative banks, six mortgage banks. Posti-pankki and three development credit institutions. 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 (May 1, 1978). 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 7 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 5 ½ % and 8 ½ %. Other credit institutions time deposits 3 ¼ %; 6 month deposits 4 ¼ %; 12 month deposits 5 ½ %; 24 month deposits 6 ½ %; 36 month deposits 7 ¼ % + savings premium; 36 month deposits 7 ¼ % + tax concession. The highest lending rate 10 ½ %.

RECENT DEVELOPMENTS IN THE FINNISH TRAVEL BALANCE

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Finland's travel account was in deficit until the late 1960s. Travel expenditures grew rapidly throughout the decade as the result of an overall rise in the Finnish standard of living, an improvement in opportunities for travel and a fall in the relative prices of trips. The growth of receipts was not as rapid, and the deficit on the travel account reached a peak of about 100 million marks per year in 1964—1965. Measures designed to curb travel expenditure were introduced as part of the policy to restore the current account balance.

The devaluation of the Finnish mark in 1967 contributed substantially to the decline in the travel account deficit which had already started. After the devaluation, the growth of travel receipts accelerated and it continued until the international economic recession induced by the 1973 oil crisis. In the early 1970s Finland was a comparatively cheap tourist and shopping country, particularly for travellers from the other Nordic countries, which included a substantial number of Finns who had emigrated to Sweden in the late 1960s. Expenditures have also grown rapidly throughout the 1970s; since 1974 they have increased even more quickly than the receipts. Between 1970 and 1972 the surplus on the travel account grew from 140 million marks to 340 million marks. During 1972—1974 the surplus stayed at around 300 million marks, but since then it has declined to only 22 million marks in 1976; in 1977 the travel account was more or less balanced. However, there are already signs of a new upswing in tourism. Prices in Finland have moved favourably recently and there has been an improvement in the country's competitive position in the field of international travel (Chart 1).

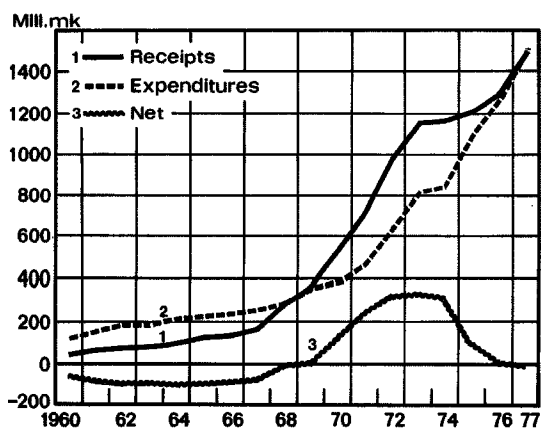
GENERAL ASPECTS OF THE TRAVEL ACCOUNT

All payments related to foreign tourism are entered into the travel account. The guidelines followed in the compilation of statistics on tourism are the same as those recommended by the International Monetary Fund for the compilation of balance-of-payments statistics. The travel account classification »Travel and tourism» includes all accommodation, catering and similar expenses related to travelling, purchases from abroad and expenses on local or inland transport. International transport, mainly by sea and air, to the destination of the journey is included in the balance-of-payments item »Transport».

The Bank of Finland's foreign exchange statistics constitute the basic source of information used in the calculation of the travel account. The authorized banks are obliged to submit monthly currency-by-currency data on their purchases and sales of travel currency. However, information on the destination or purpose of the journey cannot be obtained from the foreign exchange statistics, so, for instance, business trips cannot be separated from actual tourism. Some 100 million marks is added annually to both the receipts and the expenditures side of the travel account, to allow for the amount of Finnish bank notes transported by tourists.

As there is no passport control between the Nordic countries, besides a sample survey, an examination based on currency data is the only method of studying travel between these countries.

CHART 1. FINNISH TRAVEL ACCOUNT IN 1960—1977, MILL. MK



By using the present compilation method, the travel account also includes the border trade carried out on the Swedish-Finnish border. It has occasionally been quite considerable, but at present it amounts to about 100 million marks annually. Travel receipts include a small amount of foreign currency imported by Finnish emigrants from Sweden which can be used for purposes other than actual tourism. For statistical reasons, the travel currency also includes certain gifts and other income transfers by emigrants.

The data based on the currency statistics do not actually indicate the destination or the country of origin of a tourist. However, when travelling in the Nordic countries, tourists tend to use mainly the currency of the country they have come from; hence the breakdown based on the currency statistics is here not so misleading as it is in the case of several other currencies. Certain major currencies, such as the U.S. dollar, sterling and the DM, are widely used by nationals of other countries.

Changes in exchange rates affect travel receipts and travel expenditures in various ways. For example, after the devaluation of a currency a tourist will need, for given services and purchases, the same amount of the devalued currency, but less of his home currency. However he may choose to increase his purchases, in which case his expenditure will increase in

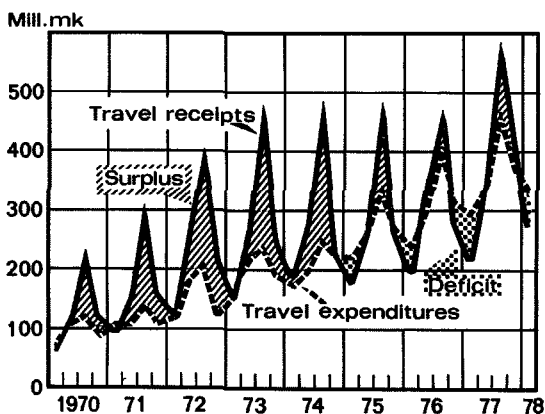
terms of the devalued currency and decline less in terms of his home currency. A revaluation has an opposite effect. In the 1970s, Finland has been affected particularly by the revaluation of the DM; while payments in terms of the DM have increased, payments in Finnish currency have doubled.

From examining quarterly developments in the travel account, it can be seen that Finnish tourist facilities are used unevenly during the year. Hotels and other accommodation facilities are used fairly little outside the summer months, so that the greater part of the facilities are in efficient use for only a few months. Travel receipts during the summer are twice what they are for the rest of the year. On the other hand, travel expenditures are more evenly distributed over the year, although in recent years Finns have tended to travel abroad more often during their summer holiday. The quarterly figures show that since 1974 the deficits on the travel account for the first quarter have increased and the surpluses for the summer months have

TABLE 1. FINLAND'S TRAVEL ACCOUNT IN 1960—1977

Year	Re-ceipts Mill. mk	Percent-age change from the previous year	Expend-itures Mill. mk	Percent-age change from the previous year	Net Mill. m k
1960	53	+29	126	+34	—73
1961	61	+15	156	+24	—95
1962	78	+28	190	+22	—112
1963	90	+15	190	0	—100
1964	107	+19	222	+17	—115
1965	131	+22	239	+8	—108
1966	149	+14	245	+2	—96
1967	175	+17	263	+7	—88
1968	282	+61	290	+10	—8
1969	375	+33	371	+28	+4
1970	541	+44	399	+7	+142
1971	724	+34	477	+19	+247
1972	985	+36	649	+36	+336
1973	1162	+18	822	+27	+340
1974	1178	+1	852	+4	+326
1975	1215	+3	1110	+30	+105
1976	1307	+8	1285	+16	+22
1977	1519	+16	1522	+18	—3

CHART 2. FINNISH TRAVEL ACCOUNT IN 1970—1977, QUARTERLY FIGURES, MILL. MK



declined, bringing about a rapid decline in the annual surplus on the travel account (Chart 2).

TRAVEL RECEIPTS

Until the 1970s, Finnish travel receipts were fairly small by the standards of, for example, the other Nordic countries. In 1965 Finnish travel receipts accounted for 2 per cent of Finnish exports of goods and services, which was similar to the situation in Sweden. However, the corresponding figure for Denmark was over 6 per cent and for Norway 3 per cent. The international economic upswing during the early 1970s brought a rapid expansion in Finnish travel receipts. By 1975 Finnish travel receipts had increased to 5 per cent of exports of goods and services, while the corresponding figures for Sweden, Denmark and Norway remained at their 1965 level (Chart 3).

In 1970—1972 travel receipts grew on average by almost 40 per cent per annum. The travel receipts, which are highly sensitive to changes in comparative prices, increased more rapidly than other receipts from services. Other services are largely linked with visible trade. Total exports of goods and services only grew at half the rate during the same period. Travel receipts grew steadily until 1973, but then their growth stopped almost entirely. Exports of goods and services grew by 20 to 30 per cent annually,

except in 1974; hence the relative share of travel receipts fell slightly below the 1970 level. A rapid rise in domestic prices contributed to this stagnation of the growth of travel receipts. In 1974—1977 the average annual rise in the Finnish consumer price index was 15 per cent, while the corresponding rise, for example, in Sweden was about 10 per cent. Since more than half of Finnish travel receipts are denominated in Swedish kronor, the relative consumer prices in Finland and Sweden greatly influence Finnish travel receipts.

As shown in Table 2, Nordic currencies account for the greater part of Finnish travel receipts. In the years of the fastest expansion of Finnish tourism, Swedish kronor accounted on average for 60 per cent of Finnish travel receipts; in fact, the rapid growth in travel receipts in the early 1970s was almost entirely attributable to an increase in krona receipts. On the other hand, the fast growth in travel receipts in the late 1960s had been induced by the devaluation of the Finnish mark and an international economic upswing which had not yet reached the Nordic countries. This is supported by the following examination in which the real growth of travel receipts (using the

CHART 3. PERCENTAGE ANNUAL INCREASES IN FINNISH TRAVEL RECEIPTS AND EXPORTS OF GOODS AND SERVICES IN 1960—1977

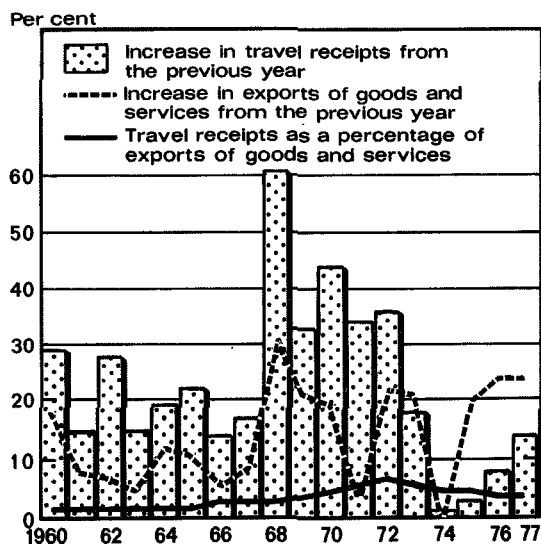


TABLE 2. PERCENTAGE BREAKDOWN OF TRAVEL CURRENCY RECEIPTS BY MAJOR CURRENCIES

Currency	1970	1971	1972	1973	1974	1975	1976	1977
Skr = SEK	60	63	64	60	56	54	55	49
DM = DEM	10	8	8	10	11	10	13	13
US \$ = USD	14	12	10	9	10	9	11	11
Nkr = NOK	3	3	3	4	5	5	6	6
Other currencies	13	14	15	17	18	22	14	21
Total, per cent	100	100	100	100	100	100	100	100
Total, mill. mk	541	724	985	1 162	1 178	1 215	1 307	1 519

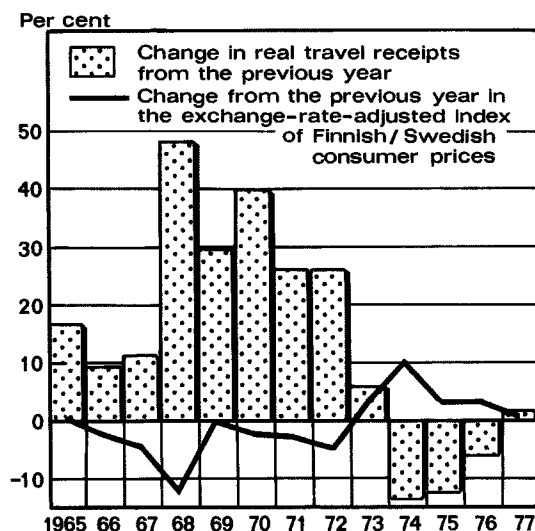
consumer price index as a deflator) is explained by comparing Finnish and Swedish consumer prices. In 1965—1972 Finnish consumer prices clearly rose more quickly than the Swedish. However, owing to changes in the exchange rates between the Finnish and Swedish currencies, the rate of inflation was lower in Finland than in Sweden and this promoted the growth of travel receipts.

In the early 1970s the real growth of Finnish travel receipts was rapid as consumer prices grew more slowly than in Sweden. At that time, shopping trips from Sweden to Finland reached their peak and part of the surplus on the travel account was attributable to earnings from this border trade. It is estimated that travel receipts from these shopping trips amounted to between 200 and 300 million marks per annum. Moreover, emigration to Sweden was vigorous towards the end of the 1960s, with net annual emigration amounting to 30 000 people. As a result, holiday expenses of Finns working in Sweden contributed to the increase in travel receipts.

The real growth of travel receipts slowed down in 1973—1974 and in the following years, receipts even declined in real terms. In those years, Finnish consumer prices rose more rapidly than, for example, the Swedish. The share of Swedish kronor in Finnish travel receipts has declined since 1974, whereas the share of Norwegian kroner has increased since 1973. It is probably true that the growth in Finnish travel receipts still is based on increased tourism between the Nordic countries.

According to the passenger transport statistics published by the Central Statistical Office of Finland, most of the non-Scandinavian tourists in Finland come from the Federal Republic of Germany. The United States, the U.S.S.R. and the United Kingdom come next in the list, which is the same as in the foreign exchange statistics. The growth in DM receipts in 1975—1976 and the relatively high proportion of DM receipts in 1977, indicated by the foreign exchange statistics, are mainly due to a growth in mark terms induced by a rise in the exchange rate for the DM, but there has been some increase in terms of foreign currency as well. The number of tourists travelling from the Federal Republic of Germany to Finland declined slight-

CHART 4. PERCENTAGE ANNUAL CHANGES IN FINNISH REAL TRAVEL RECEIPTS IN 1965—1977



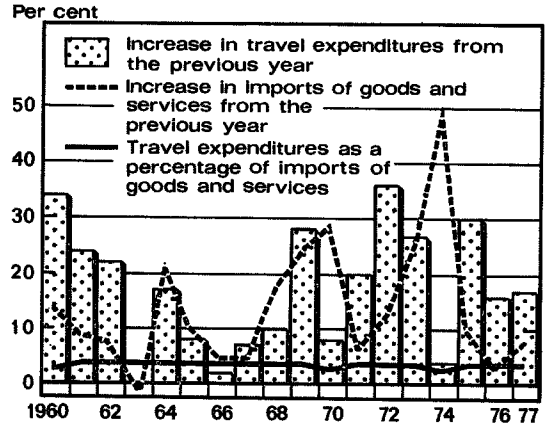
ly in 1975—1976, and in 1975 there was also a decline in DM receipts in DM terms. Similarly, the devaluation of the U.S. dollar has been reflected in the fact that, although U.S. dollar receipts grew by more than 10 per cent in dollar terms, in mark terms the share of U.S. dollar receipts in total travel receipts fell in 1973. Likewise, the devaluation of the U.S. dollar in 1975 has been reflected in a fall of the share of U.S. dollar receipts in mark terms.

In addition to economic factors affecting tourism, such as domestic and foreign prices, and the level and distribution of income, the supply of tourist facilities plays an important role. After a vigorous investment and development period, the level of Finnish travel receipts achieved in the early 1970s is difficult to exceed, particularly with the present slow economic growth. Since 1974 Finnish travel receipts have maintained a steady level of slightly less than 1 500 million marks, which implies that they have grown by only a few per cent annually and real receipts have even declined.

TRAVEL EXPENDITURES

As a result of vigorous economic growth, travel expenditures started to grow rapidly in the early 1960s. The external balance of the current account became unstable, with the deficit increasing rapidly, so measures for restoring balance were implemented around 1965. Tourists leaving the country were restricted in the amount of travel currency they could take and there was a reduction in the amount of duty-free goods Finns could import on return. Restrictions were placed on paying for foreign tourist facilities in advance in Finland. In 1968—1970 a passenger tax was levied on Finns leaving the country. The growth of travel expenditures was slowed down by these measures, but started to increase once more at the beginning of the 1970s. Finnish charter flights abroad increased greatly at that time: according to the National Board of Aviation, the number of journeys by air from Finland tripled during 1971—1975.

CHART 5. PERCENTAGE ANNUAL INCREASES IN FINNISH TRAVEL EXPENDITURES AND IMPORTS OF GOODS AND SERVICES IN 1960—1977



Empirical studies have shown that the demand for tourist facilities in the broad sense is very sensitive to price changes. This has also been proved by Finland's experiences after the devaluations. Price competition between two neighbouring countries will easily turn about the flow of border trade. For example, the demand for Swedish goods increases in Finland as a result of a devaluation of the krona, and this is reflected in a growth of travel expenditures (Chart 5).

In the early 1970s, the growth of travel expenditures was rapid, being about three times as fast as the growth of imports of goods and services. After a pause in 1974, travel expenditures have continued to grow rapidly, so that their share in total imports of goods and services increased once more to slightly over 4 per cent in 1977. In the 1970s, the share of travel expenditures in total imports of goods and services to Finland has grown by one percentage point. The recent years have seen a revival in travel abroad even to the other Nordic countries.

Table 3 shows that Swedish kronor currently account for 20 per cent of travel expenditures. The share of Swedish kronor in total expenditures was at its largest at the beginning of this decade. The DM and the U.S. dollar were the second and third most important currencies.

TABLE 3. THE BREAKDOWN OF TRAVEL CURRENCY EXPENDITURES IN 1960—1977, BY MAJOR CURRENCIES

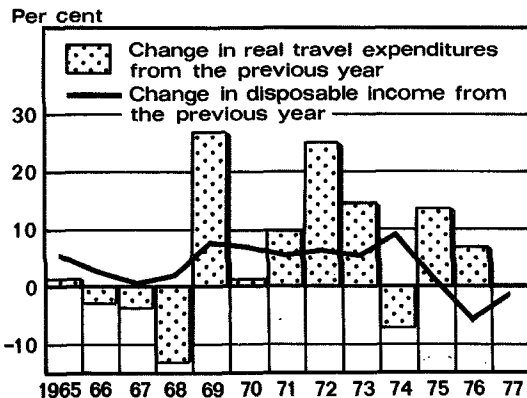
Currency	1970	1971	1972	1973	1974	1975	1976	1977
Skr = SEK	26	25	28	26	19	19	20	20
DM = DEM	15	15	12	15	13	13	15	16
US\$ = USD	18	16	14	11	14	14	13	14
Peseta = ESP	9	9	9	9	12	12	12	11
Nkr = NOK	3	3	2	2	2	2	2	2
Other currencies	29	32	35	37	40	40	38	37
Total, per cent	100	100	100	100	100	100	100	100
Total, mill. mk	399	477	649	822	853	1 110	1 285	1 522

As these, along with sterling, are used in most of the popular tourist centres, travel to these countries is obviously much less frequent than the currency data would suggest. The breakdown of travel expenditures by major currencies has remained almost unchanged throughout the 1970s. However, the share of pesetas in total travel expenditures has grown from 9 per cent to 11 or 12 per cent. The stagnation in the growth of real income has not reduced the demand for mass tourist facilities (Chart 6).

Travel expenditures are financed out of disposable income, and it seems to have been a general trend throughout the 1970s that the real growth of travel expenditures has reflected the real growth of disposable income. However, in some years the changes in travel expendi-

tures have been somewhat larger than the changes in income, and sometimes even the reverse. 1974 was the first year when the change in travel expenditures clearly diverged from the change in income. At that time travel expenditures declined all over the world, as a result of a sharp rise in the cost of tourist facilities (incl. transport costs) and economic uncertainty ensuing from the oil crisis. Following the overall international trend, Finnish travel expenditures started to grow again in the following year, although there were not any clear signs of an economic upswing. Travel expenditures continued to increase in real terms in 1976, though at a slower rate. The real growth of travel expenditures came to an end in 1977, which can be explained by a decline in disposable income in 1976—1977.

CHART 6. PERCENTAGE ANNUAL CHANGES IN FINNISH REAL TRAVEL EXPENDITURES IN 1965—1977



FUTURE PROSPECTS

It is thought that tourism will be an expanding industry in the future, although growth will not be as rapid as in previous years. The Finnish tourist industry developed vigorously in the late 1960s and the early 1970s. In particular, accommodation was increased substantially. However, due to the change in the overall economic situation, travel to and from Finland and domestic tourism have stagnated. Because of the recession there has been a surplus of accommodation, which — coupled with a simultaneous rise in costs — has reduced the profitability of the industry.

However, the tourist industry in Finland has become more competitive in 1978, and the growth of the country's travel receipts seems more promising than it has been for years. The deficit on the travel account for the first quarter of the year was smaller than in the corresponding period of the previous year. As there are indications — the number of reservations made and the Central Statistical Office's most recent data on the number of travellers — that travel receipts will develop favourably during the

summer period, the travel account is likely to show a surplus for the current year, even if travel expenditures should grow further.

Although prospects for economic growth seem rather modest for the next few years, it is estimated that there will be a slight annual increase in both domestic and foreign tourism. Increasing leisure and some real growth of income ought to be sufficient to maintain a fairly stable growth of travel.

ITEMS

Finland's balance of payments January—March 1978. According to the Bank of Finland's preliminary figures, the current account showed a surplus of 184 million marks for the first quarter of this year. In the corresponding period of 1977, the current account showed a deficit of 8 million marks. In January—March 1978, the net inflow of long-term capital amounted to just over 800 million marks and the short-term foreign debt declined by 100 million marks. Total foreign exchange reserves of the Bank of Finland increased by 1 556 million marks.

The visible trade account showed a surplus of 393 million marks for January—March 1978, as compared with a surplus of 212 million marks in the same period of 1977. The volume of commodity exports was approximately the same as for the first quarter of 1977, while the volume of imports, excluding fuel imports, decreased. Export prices rose by 10 per cent and import prices by 16 per cent from their level for January—March 1977.

The surplus on the services account increased by over 100 million marks to 467 million marks from the corresponding period in 1977. Travel

receipts grew more than travel expenditure, but the travel account still showed a deficit. The surpluses on the transport account and other services account clearly increased.

The payment of interest expenses, arising from borrowing abroad, grew noticeably and although interest earnings from foreign receivables increased slightly, the investment income deficit was 100 million marks more than a year earlier, totalling 613 million marks for January—March 1978. Transfer payments also increased to some extent.

In January—March 1978, the net inflow of long-term foreign capital was 838 million marks, 500 million marks more than for the first quarter of 1977. Drawings of long-term foreign loans totalled 1 876 million marks and amortizations 854 million marks. Long-term export credits granted to foreign customers amounted to 264 million marks, while redemption of similar loans totalled 94 million marks. Finnish direct investment abroad amounted to 65 million marks, whereas foreign direct investment in Finland was 28 million marks.

**MAJOR BALANCE OF PAYMENTS ITEMS,
JANUARY—MARCH 1978, MILL. MK ¹**

	Receipts	Expenditure	Net
Commodity trade			
(exports f.o.b., imports c.i.f.)	7 784	7 379	405
Adjustment items	—32	—20	—12
Visible trade account	7 752	7 359	393
Transport (c.i.f.)	603	235	368
Travel	276	342	—66
Other services	841	676	165
Invisible trade account	1 720	1 253	467
VISIBLE AND INVISIBLE TRADE ACCOUNT	9 472	8 612	860
Investment income, net	127	740	—613
Transfer payments	29	92	—63
A. CURRENT ACCOUNT	9 628	9 444	184
	Change in receivables	Change in liabilities	Net
Long-term financial loans and suppliers' credits: drawings	—264	1 876	1 612
redemptions	94	—854	—760
Direct investment	—65	28	—37
Other long-term capital	—	23	23
B. LONG-TERM CAPITAL ACCOUNT	—235	1 073	838
BASIC BALANCE (A+B)			1 022
Prepayments and liabilities related to imports		—568	—568
Prepayments and receivables related to exports			671
Errors and omissions			69
Other short-term capital			—270
C. SHORT-TERM CAPITAL ACCOUNT			—98
OVERALL BALANCE (A+B+C)			924
Change in the foreign exchange reserves of the Bank of Finland			—1 556
Change in net short-term foreign receivables of other foreign exchange holders			632

Receivables: increase—, decrease+
Liabilities: increase+, decrease—

¹ Preliminary figures

The short-term trade credit debt declined by 100 million marks. This was mainly attributable to the slower growth rate of imports than exports. Short-term prepayments and liabilities related to imports decreased by 568 million marks, while net short-term prepayments and receivables related to exports increased by 671 million marks. All in all, the short-term capital account (incl. statistical discrepancy) declined by 98 million marks.

The overall balance showed a surplus of 924 million marks. The foreign exchange reserves of the Bank of Finland increased by 1 556 million marks, while the net foreign debt of other foreign exchange holders grew by 632 million marks. Increases in the mark value of the reserves caused by exchange rate changes have not been taken into account in the figures for the changes in the foreign exchange reserves. At the end of March 1978, the convertible foreign exchange reserves of the Bank of Finland (allowing for the devaluation in February) amounted to 2 814 million marks and the tied foreign exchange reserves to 822 million marks.

(continued from page 2)

to the high standards of technology in the Finnish construction industry. By industrializing construction — mechanizing and rationalizing working and building methods — and carrying out intensive product development related to the entire building process, the Finnish construction industry has made achievements that are internationally esteemed. At present, about 70 per cent of industrial buildings and about 60 per cent of residential buildings in Finland are built using highly advanced component technology.

Finnish building contractors have proved to be most competitive in such turn-key projects in which the whole project — from planning and construction to equipment deliveries and various training assignments — has been implemented as a joint venture by Finnish building

enterprises. These package deliveries have involved the construction of individual industrial plants or of complete communities.

In recent years, there has been great international demand for various plants manufacturing components needed in construction. Such component factories, which will continue to serve the construction industry of the importing country, have been delivered by Finnish companies to the Middle East and certain West and East European countries. In addition to the construction of the factory, these package projects have, in certain cases, included the following stages: the planning of a factory; the supply of machinery for the factory; the starting of operations; the training of personnel; and the assembling of pre-fabricated houses.

Extensive and integrated turn-key projects related to urban planning have, at their largest, included the following assignments: the functional and environmental planning of a region; the technology of industrial construction; the planning and construction of residential, industrial and public buildings; the supply of machinery and equipment needed in manufacturing; the planning and construction of infrastructure; and the completion of the region.

In addition to turn-key projects, Finnish contracting exports have centred on the construction of water treatment plants, various water supply and sewage systems, schools, hospitals, hotels, cold stores and grain silos, built by using a slip casting method.

It is typical of the technological and economic know-how of Finnish construction that the acquired knowledge and skills can be easily applied in all kinds of circumstances. The export performance of Finnish construction companies has been largely attributable to the fact that they have been able to suggest solutions which can be flexibly transformed according to local requirements set by the climate, building technology and the size and level of equipment desired.

July 20, 1978

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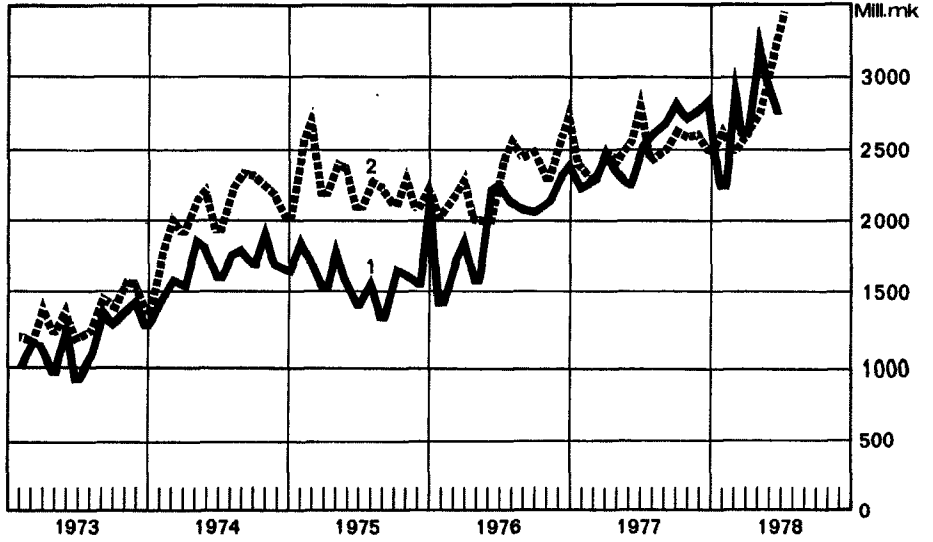
Cash

U. Levo

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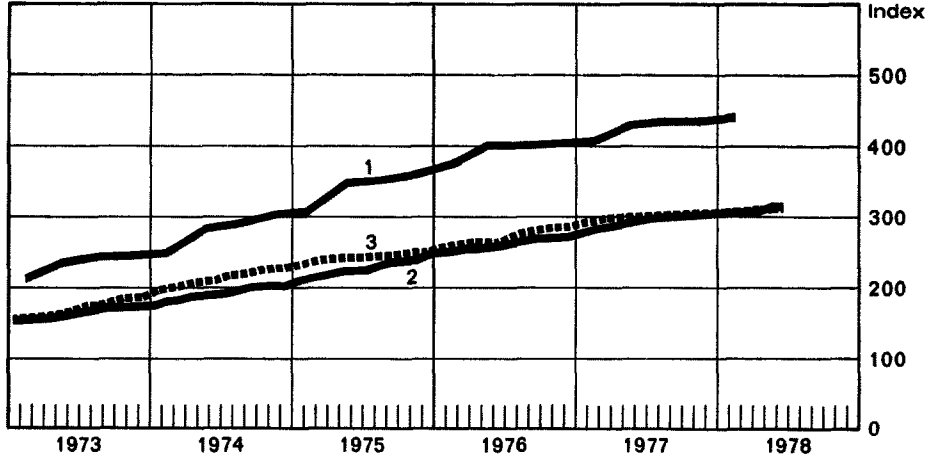
FOREIGN TRADE, 1973 - 1978

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



PRICES AND WAGES, 1973 - 1978

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



PRODUCTION, 1973 - 1978

- 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

