



BANK OF FINLAND

Monthly Bulletin

**Statement by Dr. Ahti Karjalainen,
Acting Governor of the Bank of Finland,
on the occasion of the closing
of the accounts for 1980**

Security printing at the Bank of Finland

**Finland's balance of payments
January—September 1980**

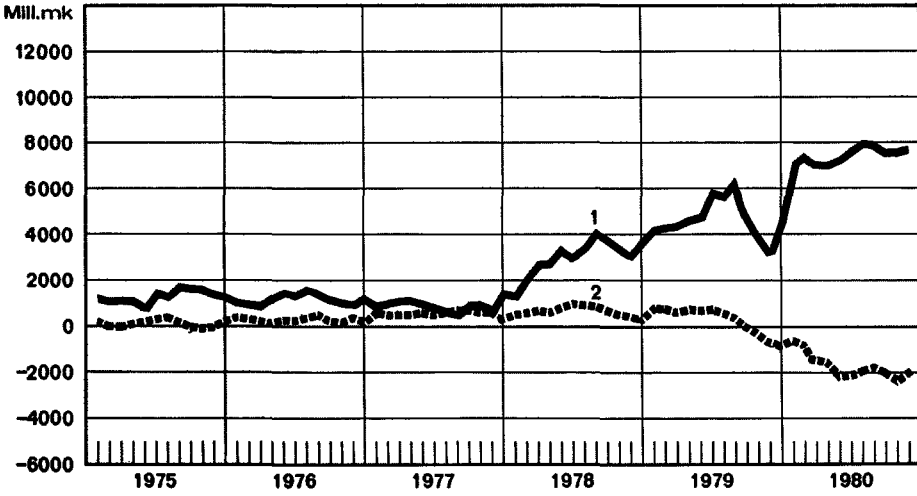
Supplementary budgets

**Protocol. Long-term programme for the
development and deepening of trade,
economic, industrial, scientific and
technical co-operation between
the Republic of Finland and the Union
of Soviet Socialist Republics up to 1990**

JANUARY 1981

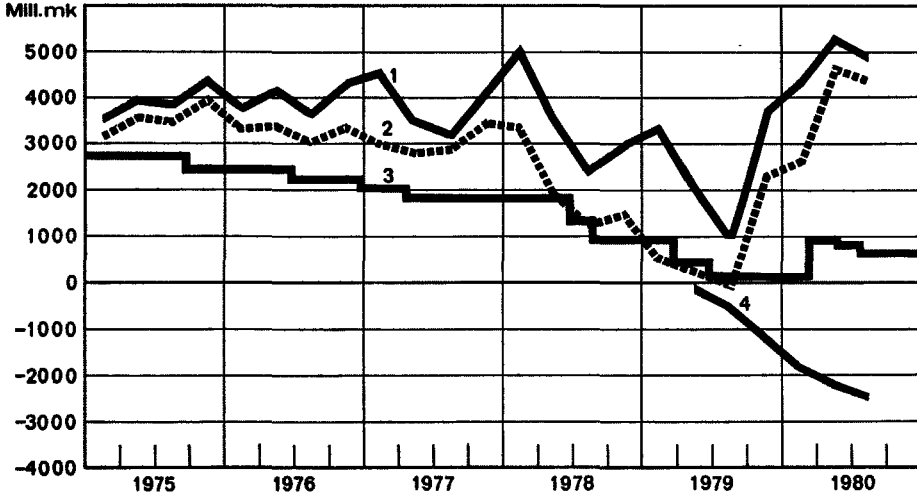
Vol. 55 No. 1

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1975-80



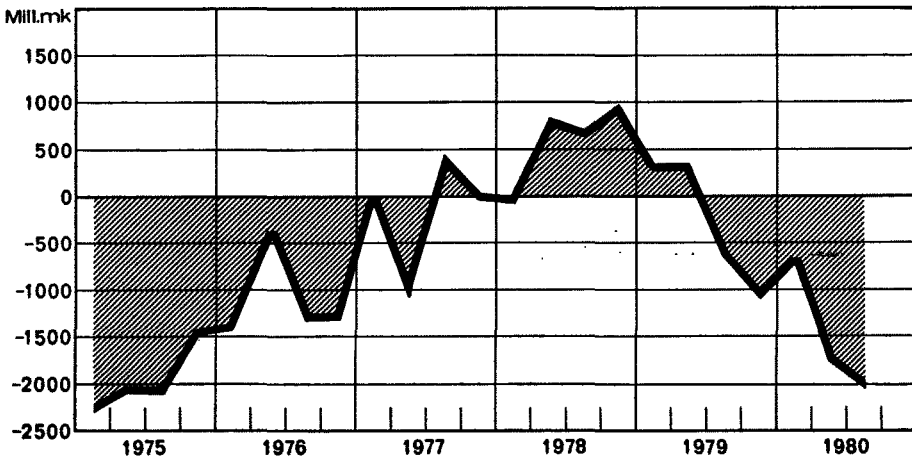
- 1. Gold and convertible currencies
- 2. Tied currencies

COMMERCIAL BANKS' CENTRAL BANK POSITION, 1975-80



- 1. Total central bank debt
 - 2. Actual central bank debt
 - 3. The quotas
 - 4. Cash reserve deposits
- Quarterly average of daily amounts (1, 2 and 4)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1975-80



Seasonally adjusted quarterly figures

STATEMENT BY DR. AHTI KARJALAINEN, ACTING GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1980

The cyclical upswing now drawing to an end proved more vigorous than anticipated and led to some degree of overheating in certain sectors during 1980. Employment ceased to improve during the second half of the year and the unemployment rate remained higher than during previous cyclical upswings. Although the current account deficit increased substantially, current account developments can be considered satisfactory in view of the rise in the prices of energy.

The fairly favourable overall picture for the past year is most seriously overshadowed by the acceleration of inflation. Boosted by the rise in import prices, buoyant demand and the clearly inflationary wage and salary agreements concluded in the spring, the rate of inflation in Finland accelerated in the course of the year and exceeded the quite high average rate for the OECD countries during the last few months of the year.

In central bank policy, the line adopted in the autumn of 1979 that aimed at curbing inflation by holding back the growth of domestic demand was pursued throughout the year. In order to reduce the effects of international inflation on domestic prices, the external value of the Finnmark was raised in March. Allowing for the impact of similar measures implemented in the previous year, the external value of the Finnmark rose by a total of nearly 5 per cent, which is a significant amount by international standards.

Owing to a strengthening in inflationary pressures and a weakening in the current account position, monetary policy was tightened further in the course of the year. In order to maintain the monetary policy line, the central bank had to make fairly frequent adjustments in the terms of central bank borrowing by the banks.

Apart from seasonal movements in the money market, this was attributable mainly to the disturbances caused by rapid changes in exchange rate expectations and interest rates on international foreign exchange and money markets and transmitted to Finland through short-term capital flows.

The general level of interest rates was raised by 3/4 percentage points as from the beginning of February. At the same time, the system of regulating the commercial banks' central bank financing was revised so that a penalty rate schedule applied to call money market advances became an essential part of the system. The aim of this reform was to reduce the average cost of the banks' central bank financing somewhat, while at the same time clearly raising the marginal cost of financing for those banks which use central bank financing to a relatively great extent. The reform was primarily aimed at maintaining the steering power of monetary policy under conditions of tightened inter-bank competition.

One component of monetary policy was the gradual raising of the deposit requirement set in the cash reserve agreement concluded between the Bank of Finland and the banking institutions in 1979; thus, at the beginning of the year, this requirement was 3.2 per cent of the stock of deposits outstanding and at the end of the year, 4.6 per cent.

At the outset of the new year, economic prospects are clearly less bright. The impact of the international recession is gradually beginning to be felt in Finland as well, and the vigorous industrial investment boom is levelling off. Although the development of bilateral trade will greatly support economic activity and alleviate the effects of a weakening in exports to Western markets, a pronounced slackening in the growth of production in 1981 cannot be forestalled.

Unemployment may begin to increase again towards the end of the year. The current account deficit is likely to grow and lead to some rise in the level of external indebtedness. The current account deficit will also tend to tighten the domestic money market, particularly since the international level of interest rates has risen again. Recent developments in oil prices will contribute to a further weakening in the terms of trade and the current account position.

Given such economic prospects, the maintenance of the international competitiveness of Finnish industry will be of primary importance. This calls for a clear deceleration in the rate of inflation. In this respect, the coming incomes policy decisions will play a central role; if they increase inflationary pressures, the restoration of economic balance by means of monetary and other economic policy measures is bound to lead to a deepening of the recession.

January 2, 1981

	1979	1980			
	Dec. 31	Dec. 8	Dec. 15	Dec. 23	Dec. 31
Assets					
Gold and foreign exchange receivables	4 860	8 070	7 677	8 103	8 024
Gold ¹	1 073	1 073	1 073	1 073	1 073
Special drawing rights	430	557	557	397	397
IMF reserve tranche	225	215	215	375	380
Foreign bonds ²	—	2 121	2 113	2 118	2 125
Convertible currencies	2 978	3 943	3 544	3 953	3 841
Tied currencies	154	161	175	187	208
Other foreign receivables	2 803	1 045	1 045	1 518	1 540
Foreign bonds ²	1 749	—	—	—	—
Mark subscription to Finland's IMF quota	1 054	1 045	1 045	1 518	1 540
Receivables from financial institutions	4 538	5 470	6 777	5 691	5 350
Banks' cheque accounts	233	539	611	665	481
Call money market advances	3 870	3 784	4 963	3 880	3 674
Till-money credits	—	601	645	582	643
Bonds	408	516	529	533	527
Other financial institution receivables	27	30	29	31	25
Receivables from the public sector	884	1 196	1 199	1 224	1 225
Government promissory notes	346	512	512	512	512
Bonds	145	278	280	286	288
Total coinage	372	401	402	403	403
Other public sector receivables	21	5	5	23	22
Receivables from corporations	2 520	3 355	3 334	3 341	3 399
Financing of exports	1 230	1 497	1 468	1 461	1 502
Financing of domestic deliveries	952	1 522	1 528	1 542	1 561
Bonds	205	225	224	224	116
Other corporate receivables	133	111	114	114	116
Other assets	73	79	79	80	80
Total	15 678	19 215	20 111	19 957	19 618
Liabilities					
Foreign exchange liabilities	846	1 960	1 781	1 477	983
Convertible accounts	14	14	22	17	18
Tied accounts	832	1 946	1 759	1 460	965
Other foreign liabilities	1 818	1 931	1 931	2 403	2 430
IMF mark accounts	1 385	1 365	1 365	1 837	1 864
Allocations of special drawing rights	433	566	566	566	566
Notes and coins in circulation	4 375	5 044	5 275	5 266	4 954
Notes	4 020	4 673	4 901	4 884	4 572
Coins	355	371	374	382	382
Deposit certificates in circulation	1 700	1 900	2 400	2 400	1 900
Claims of financial institutions	3 043	3 435	3 731	3 320	3 739
Banks' cheque accounts	4	1	1	1	1
Call money market deposits	1 131	225	530	120	290
Cash reserve deposits	1 764	3 022	3 022	3 022	3 317
Capital import deposits	140	149	128	129	108
Other financial institution claims	4	38	50	48	23
Claims of the public sector	387	73	73	92	591
Cheque accounts	2	0	0	1	2
Counter-cyclical reserves	42	42	42	42	545
Counter-cyclical deposits	—	19	19	37	37
Capital import deposits	339	—	—	—	—
Other public sector claims	4	12	12	12	7
Claims of corporations	403	908	899	953	978
Deposits for investment and ship purchase	133	697	699	707	717
Capital import deposits	254	104	93	93	83
Export deposits	—	97	97	99	110
Import levy deposits	2	—	—	—	—
Other corporate claims	14	10	10	54	68
Other liabilities	13	16	14	13	13
Equalization accounts	1 252	1 774	1 794	1 789	1 767
Capital accounts	1 841	2 174	2 213	2 244	2 263
Primary capital	1 400	1 400	1 400	1 400	1 400
Reserve fund	636	441	441	441	411
Net earnings	-195	333	372	403	422
Total	15 678	19 215	20 111	19 957	19 618

¹ As of Dec. 31, 1979 gold is valued at Fmk 35 per gramme.² As of January 1, 1980 foreign bonds are included in Gold and foreign exchange receivables.

End of year or month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold SDR, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1975	399	204	1 011	1 614	368	-315	1 667	339	1 301	962	250
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	-
1977	337	543	1 212	2 092	496	-2 031	557	391	328	- 63	200
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1979											
Dec.	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980											
Jan.	1 861	1 829	3 463	7 153	-462	-897	5 794	1 254	68	-1 186	2 200
Feb.	1 864	2 020	3 670	7 554	-700	-897	5 957	1 265	60	-1 205	2 740
March	1 874	1 972	3 330	7 176	-1 316	-897	4 963	1 280	63	-1 217	3 340
April	1 874	1 976	3 325	7 175	-1 432	-897	4 846	1 267	53	-1 214	2 940
May	1 868	1 976	3 510	7 354	-1 946	-877	4 531	1 264	45	-1 219	2 490
June	1 868	2 017	3 912	7 797	-1 996	-877	4 924	1 257	43	-1 214	2 640
July	1 868	2 049	4 148	8 065	-1 787	-877	5 401	1 285	43	-1 242	1 940
Aug.	1 862	2 071	4 070	8 003	-1 656	-877	5 470	1 261	43	-1 218	2 100
Sept.	1 851	2 088	3 796	7 735	-1 847	-886	5 002	1 284	43	-1 241	2 250
Oct.	1 851	2 077	3 811	7 739	-2 146	-886	4 707	1 165	43	-1 122	1 850
Nov.	1 845	2 082	3 949	7 876	-1 847	-886	5 143	1 185	74	-1 111	2 600
Dec.	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900

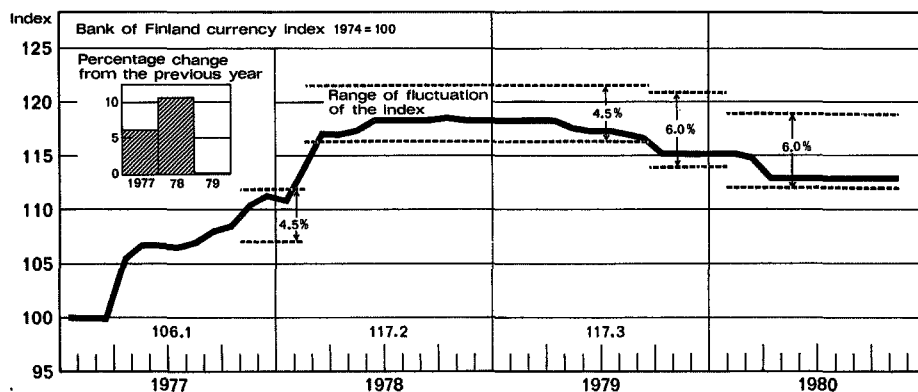
FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1979			Net holdings, Nov. 28, 1980			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Nov.	Jan.-Nov
Gold ²		1 073	—	1 073	1 073	—	1 073	—
Special drawing rights		430	—	430	557	—	557	-6
IMF reserve tranche		225	—	225	215	—	215	-10
Foreign bonds		—	—	—	2 082	—	2 082	+5
Convertible currencies		2 964	-3 223	-259	3 949	-6 805	-2 856	+181
Total		4 692	-3 223	1 469	7 876	-6 805	1 071	+180
Tied currencies		-678	-30	-708	-1 846	-46	-1 892	+326
Grand total		4 014	-3 253	761	6 030	-6 851	-821	+506

BANK OF FINLAND

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and redis-counted bills	Cheque account receiv-ables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receiv-ables (1+2+3-4-5-6)	Permanent special financing schemes	Liabili-ties, net	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1975	3 385	130	372	95	—	-343	4 135	933	539	394	2 855
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1979											
Dec.	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980											
Jan.	—	375	2 989	1 376	2 095	-295	188	2 224	62	2 162	4 047
Feb.	—	910	3 005	1 370	2 123	-315	737	2 317	149	2 168	4 233
March	—	836	4 155	592	2 267	-307	2 439	2 305	234	2 071	4 163
April	—	1 032	3 950	519	2 396	-224	2 291	2 388	247	2 141	4 281
May	—	978	3 981	245	2 562	-272	2 424	2 333	273	2 060	4 389
June	—	876	4 433	502	2 591	-285	2 501	2 409	471	1 938	4 572
July	—	915	3 047	475	2 649	-145	983	2 661	538	2 123	4 466
Aug.	—	750	3 968	780	2 989	-247	1 196	2 640	516	2 124	4 449
Sept.	—	722	4 307	525	2 982	-270	1 792	2 775	607	2 168	4 366
Oct.	—	762	4 410	595	3 006	-322	1 893	2 926	621	2 305	4 447
Nov.	—	705	3 861	30	3 022	-767	2 281	3 046	574	2 472	4 614
Dec.	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954



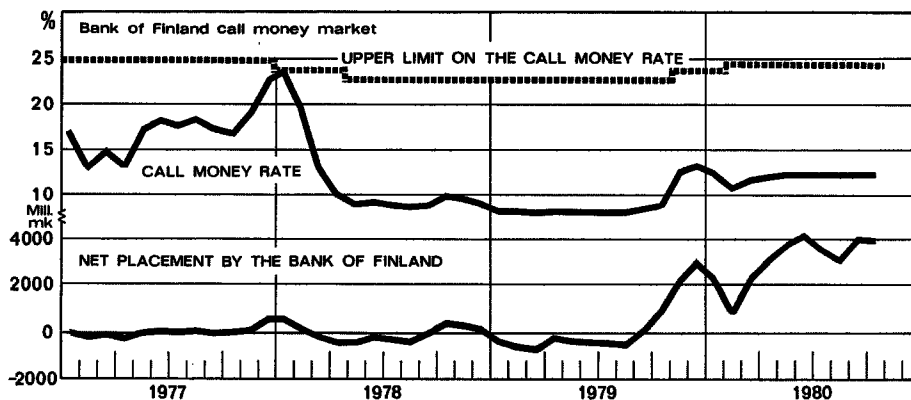
MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks, mill. mk	Cash reserve deposits of the commercial banks, mill. mk	Bank of Finland placements in the call money market, mill. mk	Basic discount rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9	10
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03
1980	4 963	4 097	783	2 542	2 220	3 313	9.20	12.38
1979										
Dec.	4 603	3 350	200	1 505	1 316	3 151	8.50	13.53	12.76	9.06
1980										
Jan.	4 471	2 627	200	1 775	1 553	2 399	8.50	12.70	11.79	9.08
Feb.	4 094	2 066	1 000	2 092	1 829	1 068	9.25	11.14	10.18	9.77
March	4 580	3 380	1 000	2 128	1 857	2 381	9.25	11.97	11.19	9.82
April	5 156	4 204	1 000	2 271	1 987	3 204	9.25	12.36	11.62	9.85
May	5 216	4 802	1 000	2 406	2 104	3 802	9.25	12.49	12.01	9.84
June	5 734	5 130	900	2 561	2 233	4 231	9.25	12.50	12.50	9.86
July	4 984	4 547	900	2 591	2 261	3 648	9.25	12.50	12.18	9.84
Aug.	4 456	3 880	700	2 682	2 333	3 181	9.25	12.50	13.06	9.83
Sept.	5 530	4 805	700	2 984	2 608	4 106	9.25	12.50	13.93	9.84
Oct.	5 500	4 709	700	2 980	2 599	4 010	9.25	12.50	13.31	9.83
Nov.	5 024	4 562	700	3 005	2 627	3 864	9.25	12.50	12.60	..
Dec.	4 816	4 457	600	3 032	2 653	3 860	9.25	12.50

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

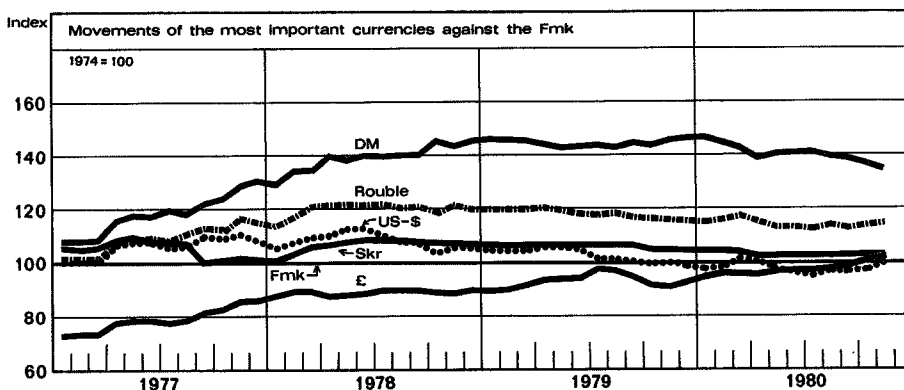


FOREIGN EXCHANGE RATES

Mill. mk

Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 Cl Rbl SUR	Currency Index 1974=100
	1	2	3	4	5	6	7	8	9	10
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1979	3.896	8.275	91.12	77.22	74.38	212.75	234.36	91.88	5.941	117.3
1980	3.730	8.691	88.43	75.81	66.53	205.58	222.87	88.65	5.741	113.6
1979										
Dec.	3.735	8.233	89.67	75.39	69.89	215.60	233.65	92.22	5.798	115.4
1980										
Jan.	3.703	8.396	89.55	75.69	69.07	214.92	232.60	92.00	5.788	115.4
Feb.	3.724	8.546	89.58	76.56	68.59	213.33	227.68	91.24	5.818	115.4
March	3.858	8.533	89.13	76.75	67.23	209.01	219.46	89.87	5.896	115.0
April	3.828	8.482	87.85	75.78	65.85	204.42	218.11	88.39	5.791	113.1
May	3.699	8.541	88.07	75.65	66.35	206.72	222.71	88.80	5.689	113.1
June	3.653	8.553	87.92	75.54	66.83	206.83	223.78	89.13	5.675	113.1
July	3.620	8.603	87.98	75.43	67.20	207.36	225.50	89.59	5.654	113.1
Aug.	3.665	8.697	88.03	75.58	66.52	204.85	222.00	88.63	5.713	113.1
Sept.	3.655	8.796	88.22	75.83	66.32	204.40	223.05	88.19	5.669	113.1
Oct.	3.695	8.942	88.40	75.75	65.53	200.98	222.77	87.18	5.706	113.1
Nov.	3.791	9.104	88.36	75.90	64.59	197.66	219.78	85.66	5.750	113.1
Dec.	3.872	9.095	88.12	75.24	64.32	196.47	217.00	85.10	5.744	113.1



DEPOSITS BY THE PUBLIC

Mill. mk

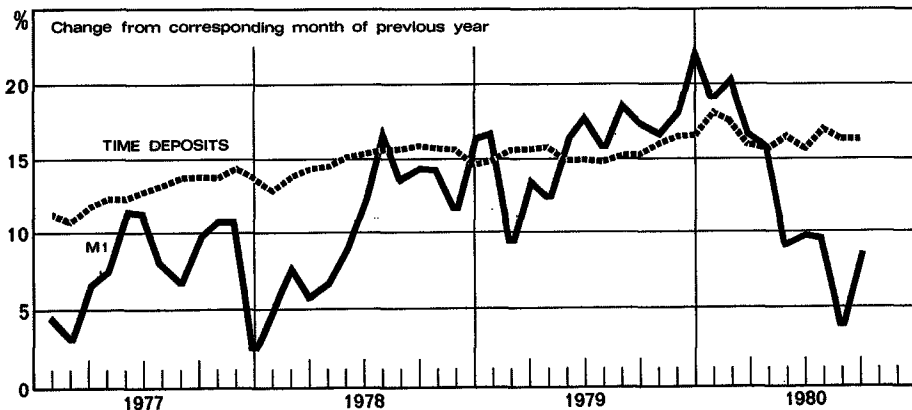
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1976	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	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
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1979

July	4 160	1 944	2 700	8 804	18 189	16 153	12 481	5 253	52 076	60 880
Aug.	4 195	1 969	2 747	8 911	18 389	16 390	12 698	5 304	52 781	61 692
Sept.	3 900	2 053	2 818	8 771	18 441	16 447	12 716	5 350	52 954	61 725
Oct.	4 232	2 111	2 493	8 836	18 877	16 556	12 852	5 403	53 688	62 524
Nov.	4 316	2 078	2 486	8 880	19 315	16 832	13 059	5 469	54 675	63 555
Dec.	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1980

Jan.	4 688	1 983	2 778	9 449	19 964	17 501	13 683	5 685	56 833	66 282
Feb.	4 009	1 903	2 697	8 609	20 150	17 787	13 983	5 772	57 692	66 301
March	4 187	1 930	2 767	8 884	20 061	17 789	13 874	5 910	57 634	66 518
April	4 173	1 975	2 977	9 125	20 335	18 039	14 137	5 722	58 233	67 358
May	4 190	2 094	2 865	9 149	20 500	18 277	14 289	5 935	59 001	68 150
June	4 826	2 133	3 275	10 234	20 656	18 588	14 479	5 847	59 570	69 804
July	4 741	2 332	3 001	10 074	21 209	18 993	14 861	5 976	61 039	71 113
Aug.	4 205	2 275	2 996	9 476	21 273	19 195	14 948	6 082	61 498	70 974
Sept.	4 625	2 328	2 946	9 899	21 295	19 255	15 051	6 073	61 674	71 573



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

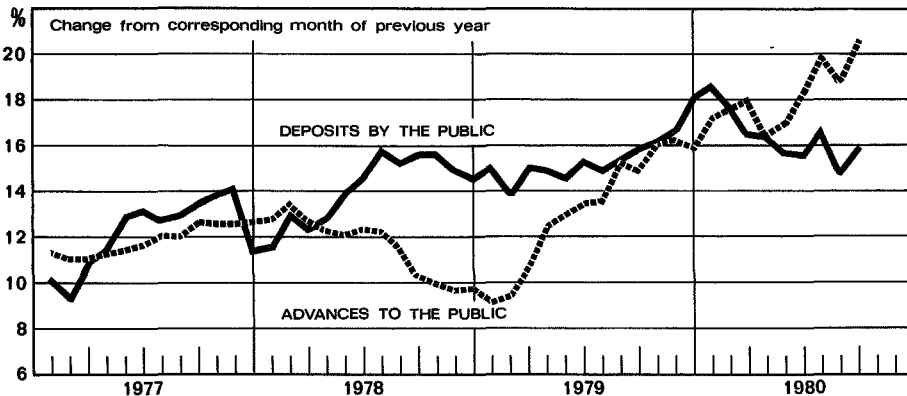
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ +Quasi- Money
	1	2	3	4	5	6	7	8	9	10
1976	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
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1979

July	28 758	15 224	13 124	7 603	56 256	1 839	6 614	64 709	13 161	66 293
Aug.	29 072	15 489	13 372	7 803	57 002	1 798	6 936	65 736	13 274	67 140
Sept.	28 923	15 732	13 595	7 848	57 931	1 914	6 253	66 098	13 008	67 117
Oct.	29 456	16 040	13 796	7 987	59 330	1 928	6 021	67 279	13 003	67 919
Nov.	29 764	16 306	14 056	8 039	60 234	2 031	5 900	68 165	13 131	69 012
Dec.	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1980

Jan.	30 524	16 754	14 395	8 399	61 745	2 158	6 169	70 072	13 767	71 810
Feb.	31 247	16 960	14 525	8 618	62 648	2 378	6 324	71 350	13 389	72 421
March	31 902	17 114	14 640	8 720	63 256	2 584	6 536	72 376	13 354	72 405
April	32 196	17 310	14 820	8 764	64 070	2 479	6 541	73 090	13 396	73 240
May	32 764	17 535	15 039	8 898	64 817	2 545	6 874	74 236	13 594	74 137
June	34 065	17 733	15 243	9 317	65 980	2 765	7 613	76 358	14 588	75 749
July	34 707	17 932	15 497	9 528	66 753	2 607	8 304	77 664	14 438	77 325
Aug.	34 814	18 177	15 715	9 528	67 215	2 531	8 488	78 234	13 825	77 066
Sept.	35 314	18 483	16 061	9 954	68 545	2 700	8 567	79 812	14 141	77 670



FOREIGN TRADE

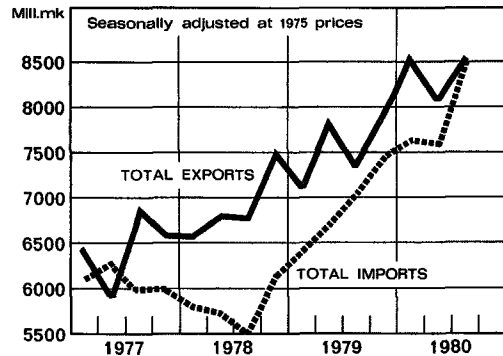
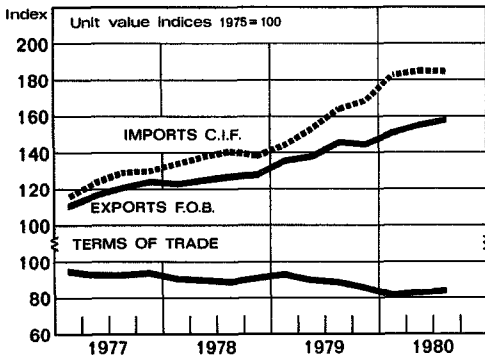
Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1975	20 247	28 002	-7 755
1976	24 506	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792
1979			
Oct.	4 375	4 298	+77
Nov.	4 382	4 398	-16
Dec.	3 845	4 749	-904
1980*			
Jan.	4 245	4 943	- 698
Feb.	3 795	4 231	- 436
March	4 735	4 408	+ 327
April	3 788	4 494	- 706
May	4 166	3 787	+ 379
June	4 501	5 743	-1 242
July	4 349	5 028	- 679
Aug.	3 923	5 481	-1 558
Sept.	4 579	5 135	- 556
Oct.	4 641	5 299	- 658
Jan.-Oct.			
1979*	35 205	35 074	+131
1980*	42 722	48 549	-5 827

Indices of exports and imports
1975 = 100

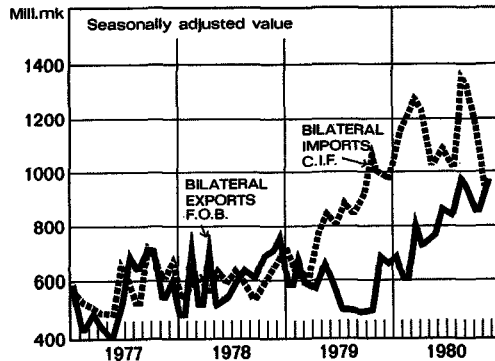
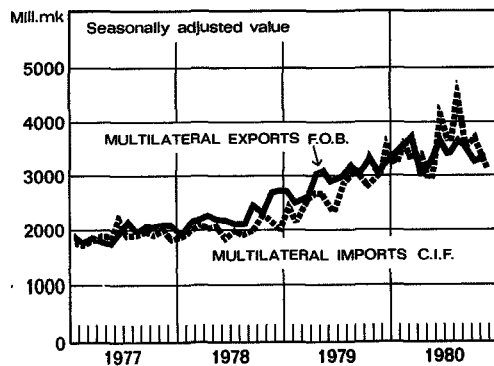
Period	Indices of exports and imports 1975 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1975	100	100	100	100	100
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89
1978					
Apr.-June	136	83	126	139	91
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92
1979*					
Jan.-March	140	90	137	145	94
Apr.-June	154	94	140	154	91
July-Sept.	138	100	147	164	90
Oct.-Dec.	171	113	146	170	86
1980*					
Jan.-March	166	105	152	184	83
Apr.-June	158	106	156	186	84
July-Sept.	160	120	159	186	85



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	
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
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91
1979										
Oct.	56	577	1 308	1 093	1 341	2 910	364	474	548	2
Nov.	151	624	1 191	1 115	1 301	2 896	338	592	568	4
Dec.	199	554	1 158	821	1 113	3 427	276	526	516	4
1980*										
Jan.	286	601	1 203	751	1 404	3 159	431	652	681	20
Feb.	39	566	1 170	829	1 191	2 808	200	534	632	57
March	247	554	1 269	1 087	1 578	2 918	191	594	704	1
April	39	542	1 007	965	1 235	2 973	150	621	748	2
May	168	660	1 357	770	1 211	2 557	195	514	518	3
June	53	806	1 327	928	1 387	4 198	435	574	530	6
July	73	703	1 541	895	1 137	3 194	539	722	571	2
Aug.	47	582	1 389	684	1 221	3 572	459	841	602	7
Sept.	76	690	1 374	931	1 508	3 401	388	706	637	3
Oct.	56	742	1 315	1 040	1 488	3 466	436	727	667	3
Jan.-Oct.										
1979*	1 016	4 895	10 643	8 406	10 245	22 553	2 787	4 601	5 050	83
1980*	1 084	6 446	12 952	8 880	13 360	32 246	3 424	6 485	6 290	104



FOREIGN TRADE BY COUNTRIES

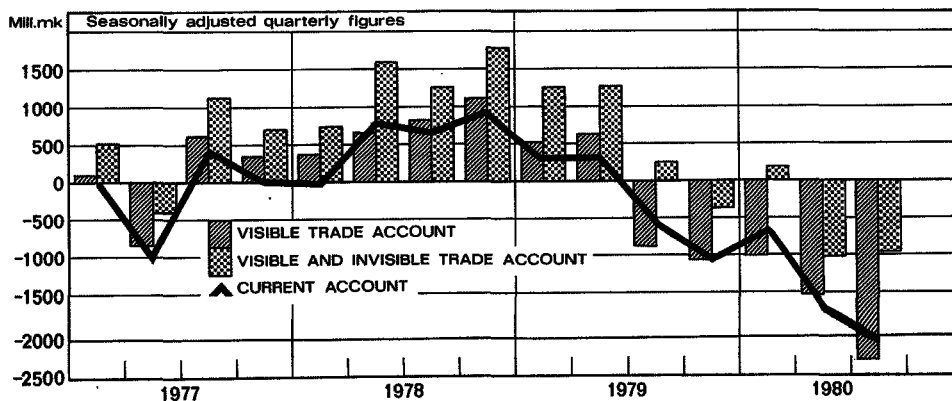
Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January—October				January—October			
	1979		1980*		1979		1980*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	67.8	23 871	65.7	28 071	57.3	20 079	51.9	25 172
Austria	0.7	241	0.8	324	1.3	457	1.2	569
Belgium and Luxembourg	1.5	517	1.4	621	1.9	658	1.7	830
Denmark	4.0	1 399	3.6	1 557	2.6	911	2.4	1 162
France	4.4	1 560	4.7	2 018	3.4	1 198	3.1	1 487
Federal Republic of Germany	11.1	3 903	11.0	4 712	13.3	4 657	12.7	6 158
Italy	2.1	753	2.4	1 020	2.4	857	2.4	1 159
Netherlands	4.2	1 476	4.6	1 949	2.8	976	2.5	1 232
Norway	5.7	1 998	4.3	1 825	2.4	842	2.1	1 003
Portugal	0.2	61	0.3	148	0.5	174	0.5	249
Spain	1.0	364	0.9	369	0.8	274	0.8	393
Sweden	15.6	5 477	17.0	7 248	14.3	5 027	11.9	5 776
Switzerland	1.7	612	1.7	711	1.9	663	1.6	773
United Kingdom	13.4	4 729	11.6	4 948	9.1	3 187	8.5	4 143
Other	2.2	781	1.4	621	0.6	198	0.5	238
OECD countries outside Europe	7.0	2 476	5.4	2 291	8.7	3 069	9.7	4 733
Canada	0.5	183	0.5	211	0.7	240	0.8	373
Japan	1.2	408	0.7	311	2.8	996	3.2	1 567
United States	4.4	1 563	3.1	1 321	5.0	1 756	5.6	2 718
Other	0.9	322	1.1	448	0.2	77	0.1	75
CMEA countries	15.8	5 558	18.1	7 729	23.7	8 330	25.4	12 348
Czechoslovakia	0.3	102	0.3	126	0.5	184	0.5	261
German Democratic Republic	0.9	299	0.6	250	0.6	203	0.6	269
Poland	0.4	154	0.5	221	1.9	681	1.8	896
Soviet Union	13.3	4 678	15.7	6 728	19.8	6 959	21.5	10 447
Other	0.9	325	1.0	404	0.9	303	1.0	475
Latin America	1.6	578	2.0	844	3.3	1 141	2.7	1 294
Argentina	0.3	100	0.5	207	0.3	102	0.1	58
Brazil	0.4	154	0.4	177	0.7	244	0.7	354
Colombia	0.1	48	0.1	52	0.9	320	0.8	402
Other	0.8	276	1.0	408	1.4	475	1.1	480
Other	7.8	2 722	8.8	3 787	7.0	2 455	10.3	5 002
GRAND TOTAL	100.0	35 205	100.0	42 722	100.0	35 074	100.0	48 549
of which								
EFTA countries	24.0	8 441	24.2	10 333	20.6	7 214	17.4	8 432
EEC countries	41.5	14 610	40.0	17 104	35.7	12 521	33.5	16 269
OECD countries	74.8	26 347	71.1	30 361	66.0	23 148	61.6	29 905

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	Invest- ment income, net	Un- required transfers, net	Other, net	Current account
1976	24 417	28 727	-4 310	+1 490	+ 7	+387	-2 426	-1 749	-172	-108	-4 455
1977	30 805	30 961	- 156	+1 747	- 23	+526	+2 094	-2 434	-198	- 42	- 580
1978	35 068	32 600	+2 468	+2 024	+141	+803	+5 436	-2 713	-211	+ 94	+2 606
1979*	43 302	44 523	-1 221	+3 089	+157	+311	+2 336	-2 840	-430	+124	- 810
1977											
July-Sept.	7 943	7 761	+ 182	+ 470	+112	+217	+ 981	- 532	- 50	- 14	+ 385
Oct.-Dec.	9 071	8 604	+ 467	+ 483	- 55	+114	+1 009	- 670	- 51	- 6	+ 282
1978											
Jan.-March	7 753	7 445	+ 308	+ 457	- 72	+185	+ 878	- 569	- 80	+ 4	+ 233
Apr.-June	8 625	8 086	+ 539	+ 479	+ 4	+205	+1 227	- 781	- 40	+ 28	+ 434
July-Sept.	8 284	7 906	+ 378	+ 500	+217	+140	+1 235	- 617	- 42	+ 31	+ 607
Oct.-Dec.	10 406	9 163	+1 243	+ 588	- 8	+273	+2 096	- 746	- 49	+ 31	+1 332
1979*											
Jan.-March	9 683	9 195	+ 488	+ 681	-112	+300	+1 357	- 656	-204	+ 28	+ 525
Apr.-June	10 847	10 213	+ 634	+ 755	+ 13	- 76	+1 326	- 963	- 91	+ 28	+ 300
July-Sept.	10 210	11 585	-1 375	+ 791	+251	+ 74	- 259	- 671	- 51	+ 36	- 945
Oct.-Dec.	12 562	13 530	- 968	+ 862	+ 5	+ 13	- 88	- 550	- 84	+ 32	- 690
1980*											
Jan.-March	12 736	13 661	- 925	+ 864	-109	+324	+ 154	- 787	-152	+ 1	- 784
Apr.-June	12 413	14 075	-1 662	+ 686	+ 83	+127	- 766	- 737	- 64	+ 27	-1 540
July-Sept.	12 812	15 712	-2 900	+ 884	+286	+124	-1 606	- 727	-103	+ 2	-2 434

* Revised figures. See explanations on page 22.

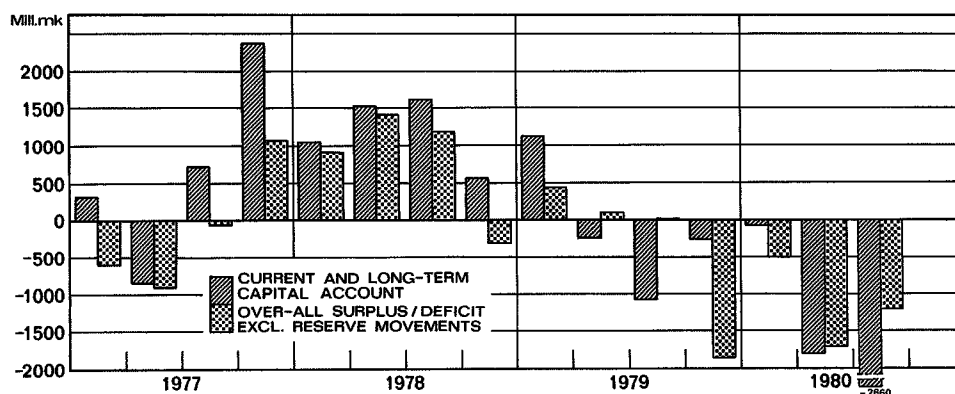


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+6 130	-1 785	-191	+ 48	+4 202	- 253	+ 138	-1 288	+1 468	+ 65	- 115	+ 50
+6 454	-2 745	-241	-229	+3 239	+2 659	-1 547	- 470	-1 085	- 443	- 216	+ 659
+9 007	-5 743	-774	-229	+2 261	+4 867	+ 130	-2 188	+ 481	+3 290	-2 589	- 701
+6 230	-4 843	-541	-416	+ 430	- 380	+ 831	- 834	- 918 ²	-1 301	- 122	+1 423
+1 252	- 647	-156	- 89	+ 360	+ 745	+ 227	- 384	- 660	- 72	- 302	+ 374
+2 907	- 691	+ 7	- 79	+2 144	+2 426	- 642	- 384	- 324	+1 076	- 68	-1 008
+1 876	- 854	-166	- 17	+ 839	+1 072	- 479	- 402	+ 799	+ 990	-1 622	+ 632
+2 900	-1 733	- 1	- 51	+1 115	+1 549	+ 328	- 402	- 40	+1 435	- 722	- 713
+2 265	-1 089	- 96	- 39	+1 041	+1 648	+ 20	- 692	+ 202	+1 178	- 641	- 537
+1 966	-2 067	-511	-122	- 734	+ 598	+ 261	- 692	- 480	- 313	+ 396	- 83
+2 202	-1 626	- 8	+ 50	+ 618	+1 143	- 19	- 63	- 615 ²	+ 446	-1 232	+ 786
+1 267	-1 453	-218	-174	- 578	- 278	+ 39	- 62	+ 405	+ 104	-2 100	+1 996
+1 258	- 892	-336	-105	- 75	-1 020	+ 422	- 354	+ 966	+ 14	+ 985	- 999
+1 503	- 872	+ 21	-187	+ 465	- 225	+ 389	- 355	-1 674	-1 865	+2 225	- 360
+2 108	-1 113	-171	- 65	+ 759	- 25	+ 136	- 31	- 583 ²	- 503	- 83	+ 586
+1 076	- 997	- 39	- 85	- 45	-1 585	+1 368	- 31	-1 472	-1 720	+ 95	+1 625
+1 126	- 913	- 36	-115	+ 62	-2 372	+ 597	- 12	+ 620	-1 167	- 54	+1 221

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

¹ Including Direct investment, net.

² Including Allocations of Special drawing rights 139 million in 1979 and 133 million in 1980.

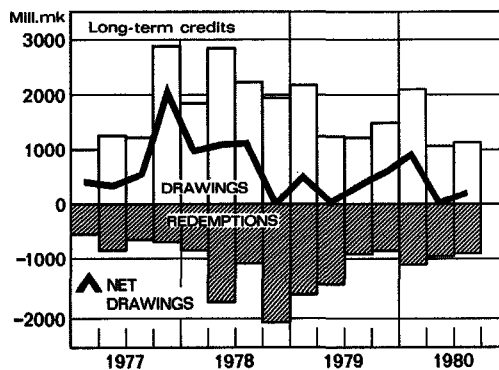
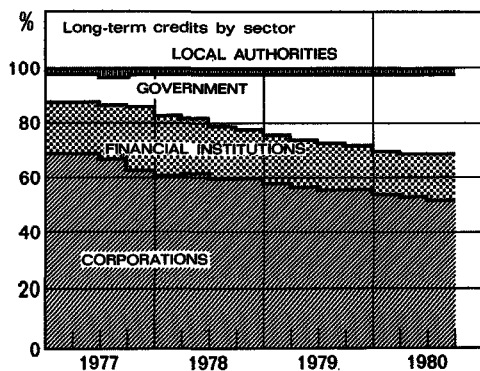


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (8-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	
1976	1 969	1 342	479	3 790	17 484	4 571	1 497	169	23 721	19 931
1977	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1977										
Sept.	2 238	1 499	713	4 450	20 364	5 509	1 700	156	27 729	23 279
Dec.	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978										
March	2 499	1 673	840	5 012	25 107	6 068	1 774	159	33 108	28 096
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*										
March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*										
March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
June	3 534	2 539	967	7 040	28 887	4 517	1 990	268	35 662	28 622
Sept.	3 594	2 649	972	7 215	29 251	4 482	2 029	278	36 040	28 825

See explanations on page 22.

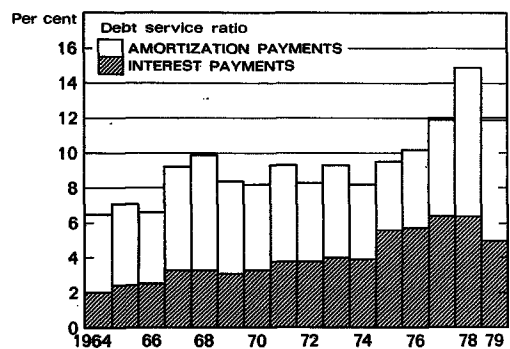
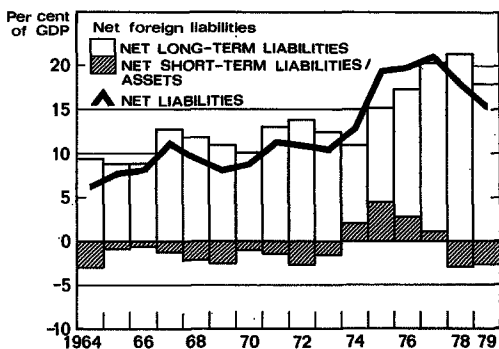


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10 + 19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
3 630	3 087	5 676	12 393	1 201	4 812	9 486	15 499	3 106	23 037	3 103	1 354
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	4 516	2 082
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	6 622	3 769
7 918	6 454	9 166	23 538	2 340	9 333	7 816	19 489	-4 049	24 626	6 457	3 472
4 042	2 984	6 076	13 102	1 406	6 382	8 905	16 693	3 591	26 870	1 114	582
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	1 206	536
5 491	3 409	7 233	16 133	1 293	6 594	7 559	15 446	-687	27 409	1 392	779
6 748	4 097	7 456	18 301	1 772	6 610	7 751	16 133	-2 168	27 621	1 493	673
7 003	4 412	7 779	19 194	1 483	6 264	7 419	15 166	-4 028	26 850	1 628	984
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	2 109	1 333
7 804	4 072	8 289	20 165	1 611	6 692	7 332	15 635	-4 530	25 432	1 970	1 284
9 871	3 939	8 482	22 292	1 604	8 404	7 476	17 484	-4 808	23 979	2 085	1 082
8 601	4 141	8 787	21 529	1 579	7 620	7 808	17 007	-4 522	23 609	1 315	604
7 918	6 454	9 166	23 538	2 340	9 333	7 816	19 489	-4 049	24 626	1 087	502
8 708	6 812	9 318	24 838	3 113	10 179	7 700	20 992	-3 846	25 214	1 757	937
9 279	7 008	9 592	25 879	3 727	11 970	9 249	24 946	- 933	27 689	1 516	730
9 250	7 352	9 684	26 286	3 605	13 539	9 749	26 893	607	29 432	1 513	761

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100						Building costs - 1973 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1978	727	125.8	124.1	131.8	119.2	140.3	129.5	180.8	161.0	186.0
1979	791	138.0	135.0	148.7	133.1	150.7	139.2	198.8	177.6	204.1

1980

Feb.	859	150.2	146.3	163.8	147.3	161.0	148.2	214.0	182.1	222.9
March	882	154.1	150.1	168.1	153.1	161.5	150.1	216.1	182.6	225.8
April	899	157.2	152.4	173.9	157.6	162.7	151.3	218.8	182.6	229.0
May	912	159.4	154.9	175.3	159.9	165.5	153.1	224.6	194.5	232.1
June	919	160.7	156.0	177.0	160.6	167.1	155.5	226.3	194.5	234.2
July	934	163.2	158.5	179.5	163.3	169.3	157.6	226.6	194.9	234.5
Aug.	939	164.0	159.9	178.7	163.3	171.6	159.4	228.1	194.9	236.4
Sept.	947	165.6	162.0	178.2	165.5	172.6	159.9	231.1	194.9	241.4
Oct.	957	167.3	163.9	179.2	167.3	173.9	161.7	234.9	201.0	244.3
Nov.	963	168.3	164.9	180.5	168.2	174.4	163.7	235.8	201.0	245.6

Consumer prices 1977 = 100

Period	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4

1980

Feb.	123.1	114.4	138.6	123.8	116.0	130.5	122.9	133.2	130.6	119.2	127.8
March	124.3	115.4	138.6	126.0	116.0	133.6	123.6	133.4	134.3	119.3	128.6
April	126.7	120.3	139.2	131.4	116.0	133.9	125.8	134.7	135.7	122.7	129.8
May	128.1	122.4	139.3	131.9	118.1	142.7	126.1	134.8	136.9	123.3	130.1
June	128.6	122.6	139.4	131.8	118.1	143.3	127.0	136.3	137.4	123.6	132.3
July	129.4	124.4	139.4	130.1	118.1	143.8	127.7	136.4	138.9	124.0	133.3
Aug.	131.1	124.8	139.4	131.6	126.6	144.0	128.3	140.3	138.6	125.0	133.4
Sept.	132.9	127.8	139.4	135.3	130.6	145.0	129.7	141.3	138.7	125.4	134.2
Oct.	134.2	130.4	139.4	138.7	130.6	149.6	131.4	142.6	138.7	125.5	135.8
Nov.	135.4	129.7	149.8	140.5	130.6	149.7	131.8	142.6	139.0	126.6	139.2

WAGES

Index of wage and salary earnings 1975 = 100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			State employees	Municipal employees	Employees in private sector				
	Agriculture	Industry	Construction							Employees in services
1978	146.3	137.0	123.2	131.8	131.5	128.0	135.1	132.9	134.4	133.6
1979*	161.6	151.6	134.1	149.5	145.6	142.6	150.8	148.6	149.3	148.9
1979*										
Apr.-June	159.8	153.1	135.0	149.0	145.8	142.9	150.9	148.0	150.2	149.0
July-Sept.	162.6	151.3	133.4	149.7	145.9	142.7	151.3	149.1	149.5	149.3
Oct.-Dec.	168.2	154.6	137.5	154.2	148.5	145.5	154.9	152.4	153.0	152.7
1980*										
Jan.-March	168.9	160.2	140.9	158.4	152.2	149.4	159.2	156.4	157.5	156.9
Apr.-June	178.1	172.1	147.1	166.8	160.9	157.0	169.9	165.3	168.5	166.8
July-Sept.	187.8	170.7	148.9	167.1	161.2	157.1	171.1	166.7	168.8	167.7

PRODUCTION

Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1978*										
Apr.-June	102	108	84	110	79	89	101	94	114	109
July-Sept.	98	91	159	62	99	85	102	95	115	104
Oct.-Dec.	110	114	78	147	104	87	112	106	116	108
1979*										
Jan.-March	107	118	78	145	73	85	99	90	119	107
Apr.-June	110	117	86	169	73	89	111	103	118	112
July-Sept.	106	104	158	72	96	87	113	103	119	108
Oct.-Dec.	119	126	75	153	116	91	127	112	120	114
1980*										
Jan.-March	112	126	72	149	79	87	109	97	122	111
Apr.-June	113	125	81	145	79	89	111	104	121	116
July-Sept.	115	115	211	95	103	86	121	106	122	112

PRODUCTION

Index of industrial production 1975 = 100

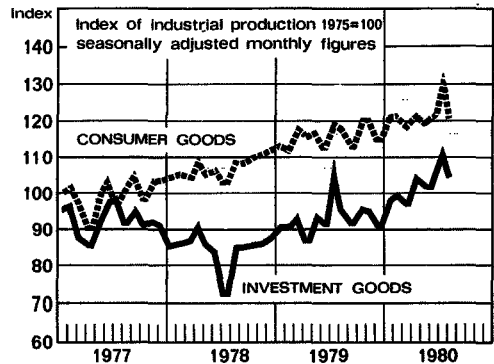
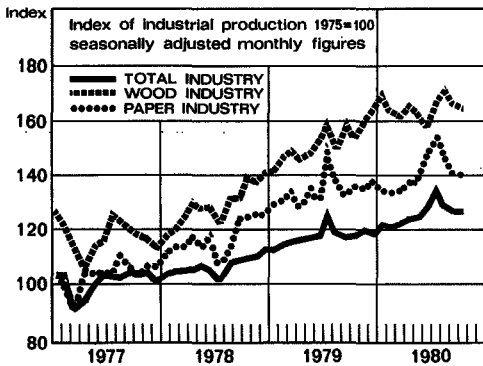
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1976	101.2	100.9	100.3	101.6	96.6	112.1	105.5	103.7	93.2	99.9	101.3
1977	101.8	93.6	100.9	104.4	96.3	199.0	104.6	101.0	94.7	98.7	101.9
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	109.6	93.5	99.6	107.0
1979*	118.2	94.4	116.9	125.0	110.4	153.2	136.0	123.7	102.3	110.8	118.4

1979*

Sept.	119.6	96.6	117.2	126.7	111.2	156.9	143.3	121.4	111.9	113.1	117.9
Oct.	134.5	112.6	133.5	140.6	134.0	173.2	152.3	135.1	125.7	130.3	118.8
Nov.	134.2	111.5	134.6	139.9	129.5	170.6	146.5	139.5	118.6	128.7	120.4
Dec.	112.2	86.3	112.3	119.0	100.2	138.5	127.8	105.3	82.5	102.8	119.0

1980*

Jan.	131.9	108.9	130.9	138.3	106.1	167.1	146.1	137.9	108.3	124.6	121.7
Feb.	124.3	101.7	122.5	131.0	101.1	160.9	137.3	136.0	105.4	117.5	121.3
March	131.6	106.3	128.9	139.5	106.6	175.7	149.3	150.0	106.4	124.0	123.5
April	124.6	103.0	122.2	131.4	110.7	188.6	130.1	142.1	109.1	119.7	125.6
May	129.0	110.7	126.8	134.8	121.0	203.3	132.5	144.5	114.7	128.3	126.2
June	121.0	102.9	116.6	127.7	109.9	170.5	129.3	133.5	112.7	117.3	129.0
July	88.3	54.5	77.9	101.9	109.7	87.7	150.6	88.2	82.3	64.2	136.4
Aug.	124.2	98.5	123.0	131.6	110.6	147.5	154.2	140.3	119.7	117.2	129.2
Sept.	132.4	112.4	129.4	138.9	121.3	179.1	145.2	145.5	133.2	130.4	127.6
Oct.	142.9	117.8	143.6	149.1	141.1	175.3	154.4	159.4	141.9	138.7	127.6



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
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	113	120
1978	3 578	2 253	2 084	169	7.5	29 021	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1979*								
Nov.	3 596	2 227	2 121	106	4.8	3 421	118	152
Dec.	3 598	2 250	2 119	131	5.8	3 373	145	139
1980*								
Jan.	3 601	2 232	2 098	134	6.0	3 644	107	133
Feb.	3 603	2 228	2 110	118	5.3	4 579	105	130
March	3 602	2 240	2 113	127	5.6	3 735	111	142
April	3 603	2 229	2 114	115	5.2	2 541	116	134
May	3 606	2 288	2 190	98	4.3	4 140	120	146
June	3 603	2 486	2 373	113	4.5	3 125	119	137
July	3 605	2 490	2 371	119	4.8	1 640	123	126
Aug.	3 606	2 408	2 302	106	4.4	1 881	120	140
Sept.	3 609	2 295	2 204	91	4.0	2 568
Oct.	3 615	2 355	2 234	121	5.1

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											
1977	41.88	18.86	4.22	12.11	3.71	43.70	18.10	3.07	16.80	3.33	48.12
1978	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1979*	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1979*											
Apr.-June	19.16	7.45	2.77	7.22	0.68	7.84	3.51	0.53	2.56	0.86	47.27
July-Sept.	11.74	4.47	1.32	3.79	1.16	7.92	3.18	1.15	2.06	0.87	52.84
Oct.-Dec.	9.99	3.46	1.02	3.59	1.38	14.13	6.39	1.91	4.26	0.89	47.62
1980*											
Jan.-March	8.55	3.38	1.04	3.13	0.55	8.18	3.69	0.73	2.72	0.73	44.40
Apr.-June	18.92	8.21	2.64	5.69	1.24	7.84	3.35	0.72	2.74	0.61	52.72

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Counter-cyclical deposits + 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 liabilities, net = Capital import deposits + Other financial institution claims — Till-money credits — Bonds — Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims — Bonds — Other corporate receivables.

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding.

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the discount rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the basic discount rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FOREIGN EXCHANGE RATES

Page 7. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers.

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

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

Page 8. *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 9. *Advances to the public*. The central government and the financial institutions are not included in the public. Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply. 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 10. Official figures computed by the Economic Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. 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 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): 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. 13): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 14—15. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling. On Jan. 1, 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

FOREIGN ASSETS AND LIABILITIES

Pages 16—17. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector.

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities excl. amortisation payments of the Bank of Finland's reserves and oil credits.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings, 1978 and 1979. Debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *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 381-9) 3.6, and metal industry (SIC 37—38) 25.9.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

Page 21. *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, — Break in series.

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 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

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, 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 (1978): 4.8 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1978): In South Finland 46.5, in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1978): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 484 879 inhabitants, Tampere (Tammerfors) 165 519, Turku (Åbo) 164 586.

EMPLOYMENT (1978): Agriculture and forestry 12%, industry and construction 34%, commerce 15%, transport and communication 8%, services 31%.

LANGUAGE (1978): Finnish speaking 93.5%, Swedish speaking 6.4%, others 0.1%.

EDUCATION (1979): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 16 colleges of university standard.

CHANGE OF POPULATION (1978): births 13.5 ‰, deaths 9.4 ‰, change + 2.3 ‰, net emigration - 1.9 ‰. Deaths in France 10.3 ‰ and Great Britain 11.7 ‰ (1977).

TRADE AND TRANSPORT

NATIONAL INCOME (1979, in million marks): Gross domestic product at factor cost by industrial origin; agriculture 6 191 (4%), forestry and fishing 7 198 (5%), manufacturing 46 699 (32%), construction 10 478 (7%), trade, restaurants and hotels 16 307 (11%), transport and communication 12 375 (9%), banking and insurance 5 145 (4%), ownership of dwellings 10 217 (7%), other services 29 808 (21%), total 144 418. Index of real domestic product 112 (1975 = 100).

FOREST RESOURCES (1978). The growing stock comprised of 1 553 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, 668 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 59.9 million m³ and the total removal, calculated on the basis of roundwood consumption was 42.5 million m³.

AGRICULTURE (1978): Cultivated land 2.3 million hectares. Number of holdings 232 800 of which 159 600 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%.

INDUSTRY (1978). Gross value of industrial production 115 120 mill. marks, number of workers 388 322, salaried employees 132 712, motive power (1978) 7.6 mill. kW. Index of industrial production 105 for 1978 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1979): Length 6 080 km.

MERCHANT FLEET (Oct. 31, 1980): Passenger vessels 144 (249 335 gross reg. tons), tankers 40 (1 182 678 gross reg. tons), dry cargo vessels 212 (995 360 gross reg. tons), other vessels 91 (12 023 gross reg. tons), total 487 (2 439 396 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1979): Passenger cars 1 169 501 lorries and vans 143 095, buses 8 826, others 8 136, total 1 329 558.

FINNISH AIRLINES (Dec. 1, 1980): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9 10/14/15, 9 DC-9-51, 2 DC-10-30, 2 Fokker F-27 and 1 Empraer Bandeirante. Companies have scheduled traffic outside of Finland to 37 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 present currency weights are Rbl 19.5, Skr 17.5, £ 13.6, DM 13.4, \$ 9.9, other currencies 26.1. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

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, 1979). There are two big and five small commercial banks with in all 863 offices, 278 savings banks, 373 co-operative banks, five mortgage banks, Posti-pankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-six private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1980). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility 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 time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¾%; 24 month deposits 9% 36 month deposits 9 ¾% + savings premium; 36 month deposits 9 ¾% + tax concession and sight deposits 2%. The highest lending rate 12 ½%.

SECURITY PRINTING AT THE BANK OF FINLAND

by Tor-Leif Huggare, Master of Science (Eng.)

Managing Director
Bank of Finland Security Printing House

INTRODUCTION

In 1886 an agreement was reached between the Bank of Finland and a private Finnish printer according to which the printer was to establish a new printing house with the specific purpose of taking care of future bank-note printing in Finland.

The new printing house was built adjacent to and on the premises of the Bank and its operation was closely controlled by the Bank. Hence 1886 can be considered as the foundation year of the Bank of Finland Security Printing House, although the Bank did not obtain direct ownership of the Printing House until 1921. From a modest start with the printing of the five-mark denomination in 1886, its activities gradually expanded, and since 1906 all Finnish bank-notes have been printed in Finland under the control of the central bank. Furthermore, all design and preparatory work for the bank-notes has been carried out locally ever since. It is interesting to note that several issues of Finnish bank notes were designed by such internationally well-known figures as Eliel Saarinen and Signe Hammarsten-Jansson, the basic design of the present issue being a Tapio Wirkkala creation.

In 1923 it was agreed between the Ministry of Finance and the Bank of Finland that all revenue stamps, postal and fiscal stamps as well as other securities needed by government institutions in Finland should be printed by the Bank of Finland Security Printing House. This agreement has been of fundamental importance for the development of the Printing House. It meant that from the very outset there was diversification into other areas of security printing and it thus had a direct influence on policies relating

to the recruitment of personnel and the acquisition of printing presses and other equipment.

Once all the security facilities necessary for bank-note printing had been acquired, it was natural that the Printing House was also approached by private institutions requiring securities to be produced under controlled and reliable conditions. Thus securities such as bonds, shares, cheques, etc were incorporated into the product range of the Bank of Finland Security Printing House.

With the steady growth of activities, there was an increasing demand for additional space and after several phases of expansion at the old premises it was decided in the late 1960s to build a new technical centre for the Bank in Vantaa, about 20 kilometres from the centre of Helsinki. The Printing House moved to the new premises in several steps, starting with the ink-making department and some of the printing department presses in 1975. The main stage took place in June—August 1979 and the move was completed in May 1980 with the last of the printing presses.

ADMINISTRATION

The Bank of Finland Security Printing House today employs some 480 people and has an annual turnover of 65 million Finnish marks. About 60 per cent of the turnover is derived from banknotes delivered to the central bank, the rest coming from sales of other securities to the National Board of Post and Telecommunications and other government institutions, to private banks, etc.

As a department of the Bank, the Printing House had grown quite large over the years, a considerable part of its activities involving the printing of securities other than bank notes for the central bank. Moreover, its employees had become organized into the relevant trade unions. Because of these developments, it was concluded that the Printing House was really a medium-size industrial printer and that it was desirable to run it as such. When the decision to do so was taken some three years ago, the administration was changed accordingly and a Supervisory Board was set up between the Bank's Board of Management and the managers of the Printing House headed by the Managing Director. The Supervisory Board to which the Board of Management delegated a considerable part of its executive power is headed by the Member of the Board of Management responsible for the Security Printing House. In addition, there are two members from the Bank and two from the Printing House. The Managing Director's organization comprises five managers responsible for the functions of production, administration, security, marketing and research and development.

This industry-type organization has the advantage of combining a flexible and goal-oriented management with the traditional, well-established control of the Bank. The latter is of great importance to those customers who want to benefit from the security and control provided by a central bank.

PRODUCTION AND TECHNOLOGY

Five departments are involved in production: i.e. the artists department, the reproduction department, the printing department, the ink-making department and the maintenance department.

The five artists working in the Printing House are mainly occupied in the area of stamp design, a field in which they have won several national and international awards. However, this group has also designed bank notes and one member is specialised in water-mark making.

The reproduction department is equipped to process the original material, consisting of artists' designs, customers' material and original engravings produced by our own or outside engravers, into the final products of the department, i.e. intaglio printing plates and cylinders, gravure cylinders and offset and letter-press plates. The department's equipment was recently renewed and modernized, so that the department is now better able than ever to meet the highest quality standards.

The graphic production department can be described briefly by saying that it contains printing presses corresponding to all printing methods except screen printing. The most important machines are, of course, the Simultan, Giori »8» and Numerota presses forming the bank-note printing lines, but the most interesting one is the WEPE S 400 and its satellite machine WEPE SQ 500. WEPE S 400 is a web-fed printing press manufactured by Oy Wärt-silä Ab. This press comprises two three-colour intaglio printing units and four gravure printing units. The press is mainly used for stamp printing and is used in connection with the WEPE SQ 500, which is a reel to sheet perforating and quality control machine.

Apart from the printing section, the graphic production department also performs the normal auxiliary functions as well as manual quality control, semi-automatic bank-note packing and a rather extensive manual finishing and packing section for non-bank-note products.

As an additional security measure, it was felt necessary for the Security Printing House to have its own ink-making department. Consequently, practically all inks are prepared in the Printing House on the basis of in-house know-how, and only raw materials such as pigments, fillers, etc are purchased. Ink production is divided into bulk and spot lot production, the bulk inks being used mainly in bank-note printing, whereas the spot lots are prepared in order to match the needs of the customers. In all cases the inks are quality-tested in the ink laboratory before leaving the department. The ink laboratory is also engaged in research and

development work, thus assisting the research and development department of the Printing House.

Integral to the production process is the maintenance department, which, in addition to its principal task of keeping the presses and other mechanical equipment in working order, plays an important role in ensuring that the entire technical complex is kept running. Thus, the maintenance department is responsible for energy supply, operation and maintenance of the industrial plant, transport, warehousing and purchasing of supplies.

The printing presses and equipment underwent an extensive programme of modernization in connection with the move of the Security Printing House to the new premises. This investment programme of 40 million Finnish marks brought our basic technology up-to-date after 10—15 years of low investment, at the same time giving our capacity more flexibility. If necessary, this capacity can be doubled by introducing a second shift.

RESEARCH AND DEVELOPMENT

Rapid technological development in the field of security printing is constantly posing new threats in the battle against forgery. This forces the printers, particularly those of central banks, to invest not only in hardware, but also in software, i.e. in research and development in order to increase the security of bank-notes and thus protect central banks against unpleasant surprises. Although some semi-commercial knowledge is available in the market, the nature of the problem calls for the existence of a certain amount of in-house knowledge within each printing house, and it therefore falls to the printer to create such know-how. How this is accomplished may differ from printer to printer, but in the Bank of Finland Security Printing House the problem has been considered of such importance as to merit the setting up of a separate department for research and development.

This department is not involved in day-to-day production problems, but dedicates its time entirely to product development, emphasizing especially the development of security characteristics in bank notes as well as in other security printing products. While product development is chiefly concerned with improving existing products, it occasionally also means the creation of new security products. This is very often the case when a customer, as a measure of precaution, wants to convert a conventionally printed product into one having features which characterize security products.

However, whatever the internal or external needs might be in this field, the problems are channelled to the research and development department, the manager of which reports directly to the Managing Director.

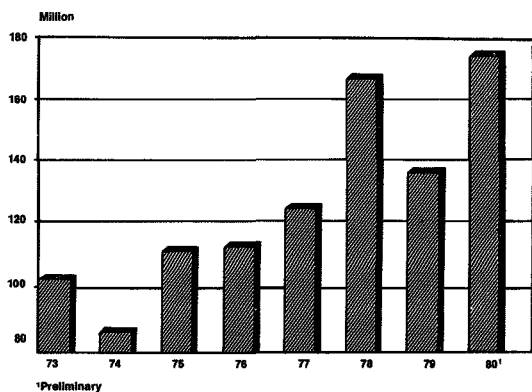
SECURITY

Given the nature of the activity it is not fitting here to go into details, but it is obvious that the Printing House of the Bank of Finland has to provide adequate internal and external security in order to meet the requirements set by the central bank. The high degree of security which these requirements have engendered has been utilized not only by the central bank but also by other institutions in need of such security. Thus, throughout the years there has been a natural tendency for security printing to be channelled to the Bank of Finland Security Printing House and in this respect there is a clear division between conventional and security printing in Finland, the former being outside the scope of activities of the Security Printing House. To a certain extent, foreign central banks and institutions have also been interested in availing themselves of the security afforded the Bank of Finland by its printer and this has led to exports on a small scale since 1965.

FINNISH BANK NOTES

The Security Printing House was established with the specific aim of taking care of the

CHART 1. TOTAL OF BANK NOTE DELIVERIES TO THE BANK OF FINLAND IN 1973—1980, MILLIONS OF NOTES



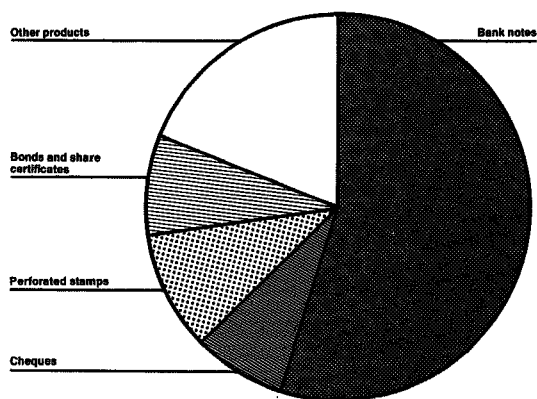
printing of bank notes needed by the Bank of Finland. This task has been carried out successfully now for almost 100 years and it is still our principal obligation to provide the Bank with the appropriate quantity and quality of notes needed. It is also our responsibility to keep abreast of technical development in this field and to propose, prepare and print new issues whenever this development calls for an updating of the notes. From a modest start, the need for, and hence the production of, bank notes has grown to the present level of 150—180 million notes a year (Chart 1).

DOMESTIC AND FOREIGN SALES

As indicated in the introduction, the origins of the domestic security printing market for products other than bank notes can be traced back to 1923. Starting with the National Board of Post and Telecommunications and other government institutions, the range of customers

has gradually broadened to include private banks and companies, Veikkaus Oy (the National Lottery Company), Lounasseteli Oy (Luncheon Voucher Ltd.), the Matriculation Board, etc. Common to all of them has been the need for a high-quality, high-security product manufactured under a security system that does not permit any risk taking. Owing to our excellent records in this respect, it is now quite normal for domestic institutions to approach us automatically whenever the need for security printing arises.

CHART 2. DISTRIBUTION OF TURNOVER BY PRODUCT IN 1979, PER CENT



The development of this sector for the period 1973—1980 is depicted in the Table, while Chart 2 shows the distribution of products in terms of turnover in 1979.

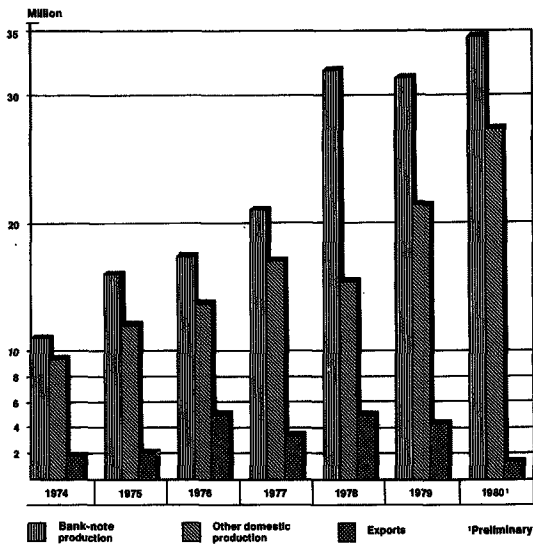
Printing of securities for export has been carried out since 1965. The volume has been small due to the marginal character of the business, and has amounted to only 2—5 million Finnish

VOLUME OF PRODUCTION OF MAIN PRODUCTS IN 1973—1980, AMOUNT IN MILLIONS

	1973	1974	1975	1976	1977	1978	1979	1980 ¹
Bank notes	103.5	87.7	111.0	111.6	123.8	168.6	136.2	175.0
Perforated stamps								
domestic	287.1	342.6	329.2	320.7	300.2	228.7	244.1	250.0
exports	140.4	77.3	249.1	202.1	155.2	172.7	117.6	50.0
Cheques and bank bills	50.6	60.8	39.0	53.2	50.3	57.2	65.0	70.0
Bonds and share certificates	1.6	4.3	6.6	3.3	2.8	1.8	4.6	5.0

¹ Preliminary figures

**CHART 3. DISTRIBUTION OF TURNOVER
IN 1974—1980, MILL. MARKS**



marks per year in 1974—1980 (Chart 3), which is equivalent to 5—10 per cent of annual turnover. However, over the years a lot of experience has been gained in this field. The main products have been perforated stamps, bank-notes and bonds, the first product group being by far the most important.

During the last few years on the old premises, capacity constraints prevented any significant growth in exports, but the prospects for the future are somewhat different. The new premises will provide more flexibility with regard to capacity and the output of bank-notes and bonds in particular can be increased appreciably should such a need arise.

SECURITY KNOW-HOW

The title of this section refers to the interest being shown both in Finland and abroad in the security systems applied at the Bank of Finland's new technical centre. Since the centre is probably the newest of its kind in the world, this has enabled us to combine the most recent advances in security technology with up-to-date security equipment. Although it is doubtful that this security-systems know-how will ever be exploited on a commercial basis — the danger of disclosing vital information is obvious — its existence and the interest shown in it does much to create the conviction that security at the Bank of Finland Security Printing House meets very high standards.

ITEMS

Finland's balance of payments January—September 1980. According to the Bank of Finland's preliminary figures, the current account showed a deficit of 4 758 million marks for January—September 1980, as against a deficit of 120 million marks in the corresponding period of 1979. The net inflow of long-term capital amounted to 776 million marks, and the short-term foreign debt increased by no more than 459 million marks; thus, the overall balance showed a deficit of 3 390 million marks. The foreign exchange reserves of the Bank of Finland grew by 42 million marks. The net foreign debt of other foreign exchange holders, which is connected with foreign financing, increased by 3 432 million marks.

The visible trade account showed a deficit of 5 487 million marks for January—September, as against a deficit of 253 million marks in the corresponding period of 1979. The value of visible exports increased by 24 per cent, of which the volume increase accounted for 12 percentage points. Forest industry exports have developed favourably throughout the first three quarters of the year, while metal industry exports have grown clearly more slowly than other exports. The value of imports increased by 40 per cent. The fastest volume growth was recorded for imports of investment and consumer goods. In January—September, import prices were 19 per cent up on the corresponding period of 1979, but they have remained fairly stable since the first quarter of 1980.

The surplus on the invisible trade account increased by 600 million marks from January—September 1979 to 3 269 million marks. The surplus on the transport account increased only marginally owing to a fall in international freight rates. The surplus on the travel account grew by about 100 million marks and amounted to 260 million marks. Travel receipts increased by 20 per cent and travel expenditure by 15 per

cent. The surplus on the »Other services» account grew by 300 million marks and amounted to 575 million marks.

Despite a rise in international interest rates, interest expenses on borrowing abroad increased by no more than 14 per cent, with the current account deficit being largely financed by means of trade credits. At the same time, interest earnings accrued from foreign receivables increased by more than 60 per cent. As a result, the total deficit on the investment income and the unrequited transfers accounts was the same as in the corresponding period of 1979, or 2 540 million marks.

The net inflow of long-term foreign capital amounted to 776 million marks, as against a net outflow of 35 million marks in January—September 1979. Drawings of long-term loans amounted to 4 310 million marks, which was 400 million marks less than in the corresponding period of 1979. Redemptions totalled 3 023 million marks. The central government accounted for 40 per cent of the drawings of long-term loans. The net imports of long-term capital by the central government amounted to 1 500 million marks, or 400 million marks less than in the corresponding period of 1979. On the other hand, the drawings of long-term loans by enterprises and financial institutions were smaller than their redemptions.

The short-term capital account (incl. errors and omissions) showed a surplus of 450 million marks. The short-term import debt increased by 2 101 million marks. Prepayments and receivables related to exports remained almost unchanged.

The overall balance showed a deficit of 3 390 million marks for January—September. The convertible foreign exchange reserves of the Bank of Finland increased by 1 229 million marks, while the Bank's tied currency account

**MAJOR BALANCE OF PAYMENTS ITEMS,
JANUARY—SEPTEMBER 1980, MILL. MK ¹**

	Receipts	Expendi- ture	Net
Visible trade (exports f.o.b., imports c.i.f.)	38 086	43 240	—5 154
Adjustment items	—125	208	— 333
Visible trade account	37 961	43 448	—5 487
Transport (c.i.f.)	3 600	1 166	2 434
Travel	1 994	1 734	260
Other services	2 678	2 103	575
Invisible trade account	8 272	5 003	3 269
VISIBLE AND INVISIBLE TRADE ACCOUNT	46 233	48 451	—2 218
Investment income, net	1 201	3 452	—2 251
Unrequited transfers	170	489	— 319
Other	1 023	993	30
A. CURRENT ACCOUNT	48 627	53 385	—4 758
	Change in receiv- ables	Change in liabilities	Net
Long-term financial loans and suppliers' credits: drawings	—842	4 310	3 468
redemptions	596	—3 023	—2 427
Direct investment	—337	59	— 278
Other long-term capital	5	8	13
B. LONG-TERM CAPITAL ACCOUNT	—578	1 354	776
BASIC BALANCE (A+B)			—3 982
Prepayments and liabilities related to imports			2 101
Prepayments and receiv- ables related to exports			— 74
Errors and omissions			— 689
Other short-term capital			— 879
C. SHORT-TERM CAPITAL ACCOUNT			459
D. Allocations of SDRs			133
OVERALL BALANCE (A+B+C+D)			—3 390
Change in the foreign exchange reserves of the Bank of Finland			— 42
Change in the net short- term foreign receivables of other foreign ex- change holders			3 432

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

¹ Preliminary figures

position weakened by 1 187 million marks. The net short-term foreign debt of other foreign exchange holders grew by 3 432 million marks and was mainly connected with the financing of foreign trade. The convertible foreign exchange reserves of the Bank of Finland amounted to 7 735 million marks at the end of September. ¹

Supplementary budgets. The second and third supplementary budgets for 1980 were approved by Parliament in December. Budgeted state expenditure for 1980 totals 52 301 million marks, 10.9 per cent more than for 1979, whereas budgeted state revenue amounts to 53 319 million marks. The three supplementary budgets involved a 3 600 million marks or 7.4 per cent addition of expenditure to the ordinary budget of 48 701 million marks.

The second supplementary budget does not involve any net increase in outlays, but it changes the purpose for which an appropriation granted earlier is to be used.

Budgeted expenditure in the third supplementary budget totalled 1 843 million marks. In accordance with normal practice, the last supplementary budget for the year included such increases in expenditure which were caused by greater-than-forecast rises in costs. Similarly, unforeseen additional accrual of income was entered as revenue. In the third supplementary budget, such revenue amounted to 3 234 million marks.

The largest single item of expenditure in the last supplementary budget for 1980 is a 600 million marks transfer to the government's counter cyclical reserves in accordance with the decision in principle already made in May. On the revenue side, the most notable item is the additional revenue from income and wealth taxes resulting from the fact that rises in prices and nominal incomes proved to be clearly faster than expected at the time the ordinary budget was prepared.

¹ Since the figures for the second quarter are still being revised due to the 1980 reform of the data system, figures for January—June will not be published.

Protocol. Long-Term Programme for the Development and Deepening of Trade, Economic, Industrial, Scientific and Technical Co-operation between the Republic of Finland and the Union of Soviet Socialist Republics up to 1990.

The Republic of Finland and the Union of Soviet Socialist Republics,

Reaffirming, in conformity with the provisions of the Final Act of the Conference on Security and Co-operation in Europe signed in Helsinki on August 1, 1975, their objective of further developing and deepening mutually beneficial commercial, economic, industrial, scientific and technical co-operation;

Noting the favourable impact of the Long-Term Programme for the Development and Deepening of Trade, Economic, Industrial, Scientific and Technical Co-operation, signed on May 18, 1977, on the continuing strengthening of the relations of good neighbourliness and trust between the Republic of Finland and the USSR and greatly appreciating the positive experience gained from the implementation of the Programme;

Taking into account the new requirements and prospects revealed in the trade and economic, industrial, scientific and technical co-operation between the Republic of Finland and the USSR and referring to the Agreement on the Exchange of Goods and Payments in 1981—1985, signed on September 25, 1979; and

Proceeding from the final provisions of the Long-Term Programme;

Have decided to supplement the aforesaid Programme and for this purpose the Finnish and Soviet Parties have, on November 12, 1980, agreed as follows:

1. In the trade between Finland and the USSR noteworthy results have been achieved regarding both the increase in the volume of trade and the diversification of the assortment of goods included in the exchange of goods. The

new Agreement on the Exchange of Goods and Payments in 1981—1985, signed on September 25, 1979, and prepared on the basis of the recommendations of the Long-Term Programme, calls for mutual exchange of trade in excess of previous estimates, taking into account the potentials of the Parties concerned.

On the basis of the high level achieved in their trade and of its prospects for the future the Parties present the following estimate of their trade exchange up to 1990:

Period	Thousand million roubles
1976—1980	over 12
1981—1985	18—20
1986—1990	22—24

The Parties deem it appropriate to aim at a stable development of the exchange of goods regarding both the balance and structure of trade, to the extent it is possible.

Reaffirming their objective, expressed in the Long-Term Programme, of increasing and diversifying their trade exchange the Parties deem it appropriate to take measures to increase the mutual deliveries of goods taking place during the period of validity of the Agreement on the Exchange of Goods and Payments in 1981—1985 beyond the quotas specified in the said Agreement, to the extent it is possible.

2. Recognizing the positive development in the field of machinery and equipment delivered by the USSR to Finland the Parties will seek to increase and diversify deliveries of engineering industry products from the USSR to Finland also in the future. The expanding production and growing export potential of the Soviet engineering industry as well as Finland's growing import needs create prerequisites for increasing the annual deliveries of Soviet machinery and equipment at least to the level of 200 million roubles by the year 1990.

The Parties agree that the development of the various forms of industrial co-operation will contribute to expanding the trade of machinery and equipment.

Finland satisfies a major part of her energy import requirements with deliveries from the Soviet Union, which play an important role in Soviet exports to Finland. Taking into account the importance of these deliveries to Finland the USSR will continue the traditional energy deliveries to Finland in the five-year period 1986—1990 in the manner provided in the Long-Term Programme. This will lay a solid foundation for the development of Soviet exports and Finnish-Soviet trade exchange. The Parties will agree in detail on the quantities of these deliveries when they conclude the next five-year trade and payments agreement.

3. In Finnish exports to the USSR, the shipbuilding industry plays a central role. Taking into account the fact that the shipbuilding industry needs to operate on a long-term basis, the Parties seek to increase the deliveries of various types of ships from Finland to the USSR to reach the level of 2 500 million roubles in 1981—1985 and of 3 000 million roubles in 1986—1990.

The Parties consider that scope exists for increasing deliveries from Finland to the USSR of machinery and equipment and of other metal industry products, such as equipment for the forest and wood-processing industries as well as the pulp and paper industries, hoisting and transport equipment, and machinery and equipment for the mining and metallurgical industries beyond the quotas specified in the Agreement on the Exchange of Goods and Payments in 1981—1985.

The Parties also consider that good possibilities exist for expanding and diversifying exports to the USSR of products of the mechanical wood-processing industry, of the pulp and paper industries, of the chemical industry, of the consumer goods industry and of agriculture.

4. In the field of co-operation in implementing industrial and other projects, contracts for orders have been concluded for the participation of Finnish business enterprises in the construction of phase 1 of the mining and dressing

complex at Kostamus¹, phase 3 of the pulp and paper plant at Svetogorsk, as well as of hotels. In Finland, the first nuclear power plant, of 440 megawatts, has been constructed and put successfully into operation, and the construction of another similar unit has been completed.

For further development of their co-operation in implementing industrial and other projects the Parties reaffirm the timeliness of the projects listed in the Long-Term Programme and deem it appropriate to investigate possibilities for co-operation in the construction of other projects located in Finnish and Soviet territories and to be agreed on by the Parties later, for instance, in the following fields: production and processing of peat, production of fertilizers, housing construction and municipal infrastructure.

The Parties are also interested in developing their co-operation in third countries. Objects of co-operation could include various projects in the fields of power generation, construction material industry, wood-processing industry, ferrous and non-ferrous metallurgies as well as municipal infrastructure.

5. In developing industrial co-operation and specialization, Finnish business enterprises and Soviet organizations have worked in a remarkable manner to determine specific areas for co-operation. Agreements on industrial co-operation have been signed and the implementation of such agreements has begun in the production of machinery and equipment for the pulp and paper industries, of ships' equipment and drilling installations, of electromotors for locomotives as well as in some other industrial sectors. With regard to this, the Parties deem it appropriate to examine the possibility of drafting recommendations for conditions of contract concerning industrial co-operation between Finnish business enterprises and Soviet organizations.

In the field of industrial co-operation, the Parties consider the following sectors of co-operation

¹ The Protocol concerning co-operation for the enlargement of the dressing complex at Kostamus (phases 2 and 3) was signed on November 12, 1980.

to be of great significance for the future: the design and manufacture of equipment needed in the study and utilization of the continental shelf, of nuclear-powered icebreakers, of equipment needed in energy saving, of automatic control systems for technological processes in nuclear and thermal power plants, of machinery and equipment for the production of construction materials and prefabricated units, as well as the development and manufacture of automatic control systems for technological processes. For further development of their industrial co-operation the Parties have agreed to supplement the Long-Term Programme in accordance with the Annex to the present Protocol.

6. The Parties note that their scientific and technical co-operation has developed successfully on the basis of the Long-Term Programme and the list of specific areas prepared by the Finnish-Soviet Commission for Scientific and Technical Co-operation.

The Parties deem it appropriate to utilize, in an appropriate manner, the results of the joint research into the methodology of Finnish-Soviet scientific and technical co-operation in order to intensify their scientific, technical, industrial, commercial and economic co-operation.

7. The Parties note that their co-operation in other fields listed in the Long-Term Programme is developing successfully.

For the implementation of the Programme the Standing Finnish-Soviet Intergovernmental

Commission for Economic Co-operation has expanded its activities carried out in the form of working parties by setting up new working parties to develop co-operation in the following fields: chemical industry, energy, ferrous metallurgy, traffic and communications, tourism, pulp and paper industries, border trade, and co-operation in third countries.

The working parties and bodies of the Commission for Economic Co-operation and of the Commission for Scientific and Technical Co-operation have prepared programmes and plans for co-operation, presenting in greater detail the guidelines for the development of co-operation sector by sector as implied by the Long-Term Programme.

8. Pursuant to the final provisions of the Long-Term Programme the Parties have decided to extend the validity of the Programme until the end of 1955.

The Parties will take necessary measures to safeguard the steady growth of their trade exchange and other forms of commercial and economic co-operation in the five-year period 1991—1995.

The Parties will determine the possible dimensions and guidelines of their commercial and economic co-operation for the period 1991—1995 in connection with future revisions of the Long-Term Programme, taking into account then the results obtained so far as well as new needs and opportunities for developing their co-operation.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor, absent as Prime Minister

Ahti Karjalainen <i>Deputy Governor, Acting Governor</i>	Pentti Uusivirta
Rolf Kullberg <i>Deputy Governor, ad int.</i>	Ele Alenius
Harri Holkeri	Seppo Lindblom <i>ad int.</i>

Directors

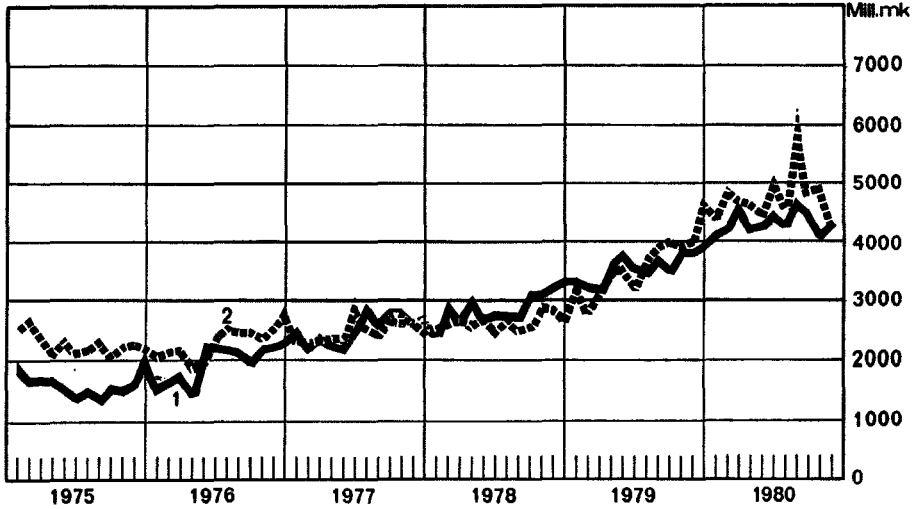
Markku Puntila	Seppo Lindblom
Eino Helenius	Pentti Koivikko
Kari Nars	Antti Lehtinen

Senior officials

Pertti Kukkonen <i>Director, ADP-planning</i>	Ralf Pauli <i>Monetary Policy</i>
Raimo Hyvärinen <i>Domestic Financing</i>	Kari Pekonen <i>Exchange Policy</i>
M. Vanhala <i>Foreign Exchange</i>	Kari Holopainen <i>Bilateral Trade</i>
Pekka Tukiainen <i>Foreign Financing</i>	J. Ojala <i>Exchange Control</i>
Sirkka Hämäläinen <i>Deputy, Economics Dept.</i>	Juhani Hirvonen <i>Deputy, Research Dept.</i>
Markku Pietinen <i>Information</i>	H. T. Hämäläinen <i>Administration</i>
Timo Männistö <i>Internal Audit</i>	U. Levo <i>International Legal Affairs</i>
Erkki Vehkamäki <i>Data Processing</i>	Anton Mäkelä <i>Personnel</i>
Stig G Björklund <i>Payments</i>	Reijo Mäkinen <i>Cash</i>

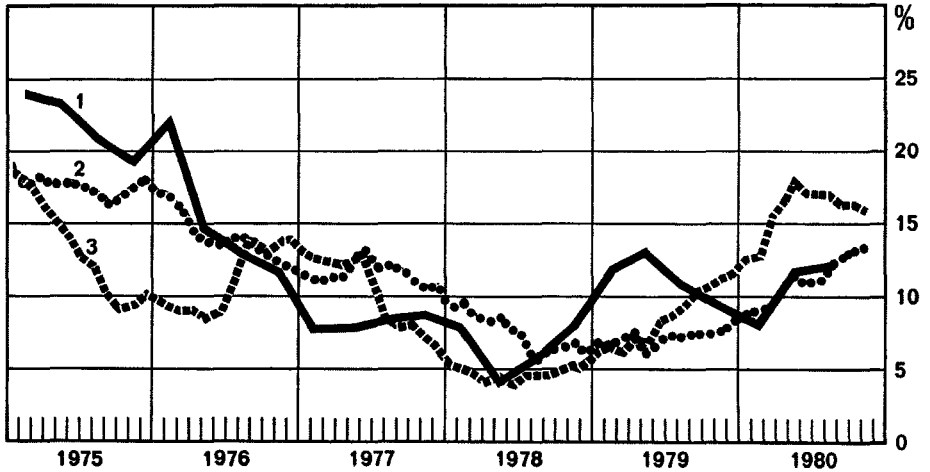
FOREIGN TRADE, 1975-80

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



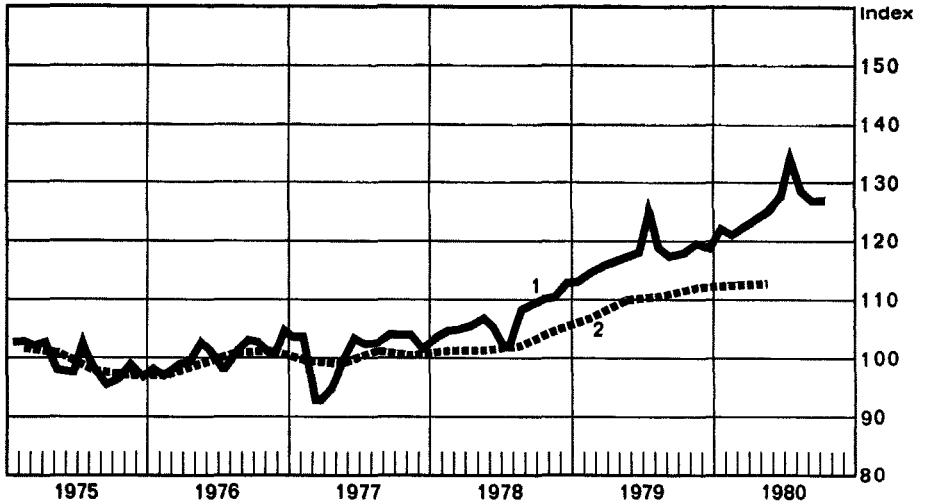
PRICES AND WAGES, 1975-80

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
 - 2. Consumer price index 1977 = 100, monthly figures
 - 3. Wholesale price index 1949 = 100, monthly figures
- Percentage change over previous year



PRODUCTION, 1975-80

- 1. Total index of industrial production 1975 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1975 = 100, seasonally adjusted quarterly figures



Bank of Finland Monthly Bulletin
Suomen Pankki — Finlands Bank
P. O. Box 160, SF-00101 Helsinki 10, Finland
Telephone: Helsinki 170 051, Ms Eevi Mattila
Telex: 121224 spfb sf
Cables: SUOMENPANKKI Helsinki

ISSN 0005 - 5174

Helsinki 1981. Government Printing Centre