BANK OF FINLAND

Monthly Bulletin

Economic situation

Half a century of plastics in Finland

Revision of the foreign exchange regulations

Inflow of long-term capital in January—June 1973

Direct investment in January—June 1973

Gdansk convention

Energy production in Finland in the 1970s: investment, capital and imports required

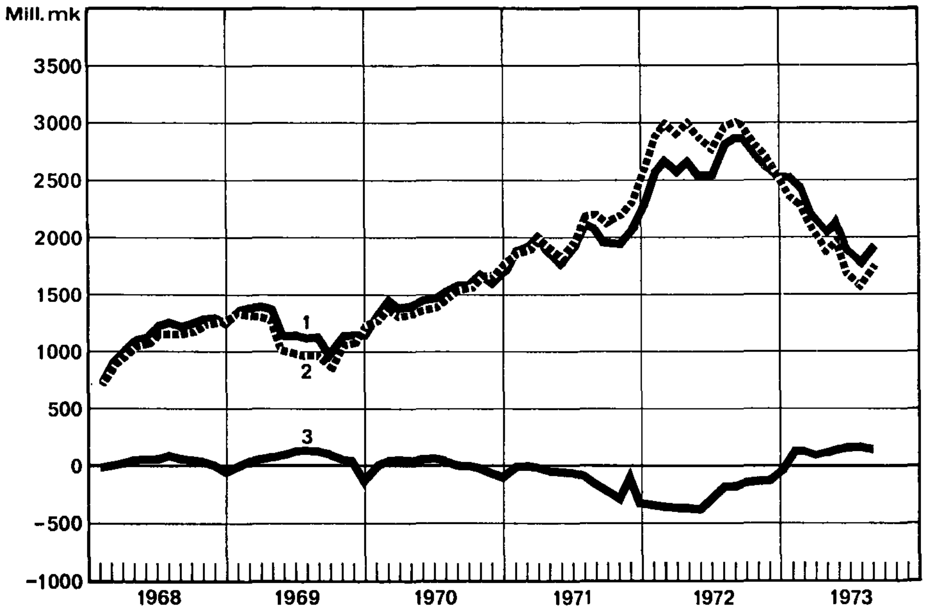
Revision of the volume index of industrial production

Publications of the Bank of Finland

OCTOBER 1973

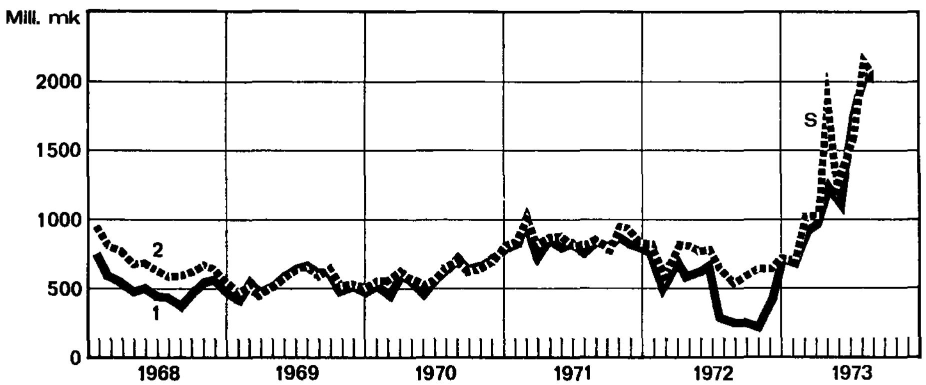
Vol. 47 No. 10

Bank of Finland foreign exchange reserve, 1968 – 1973



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

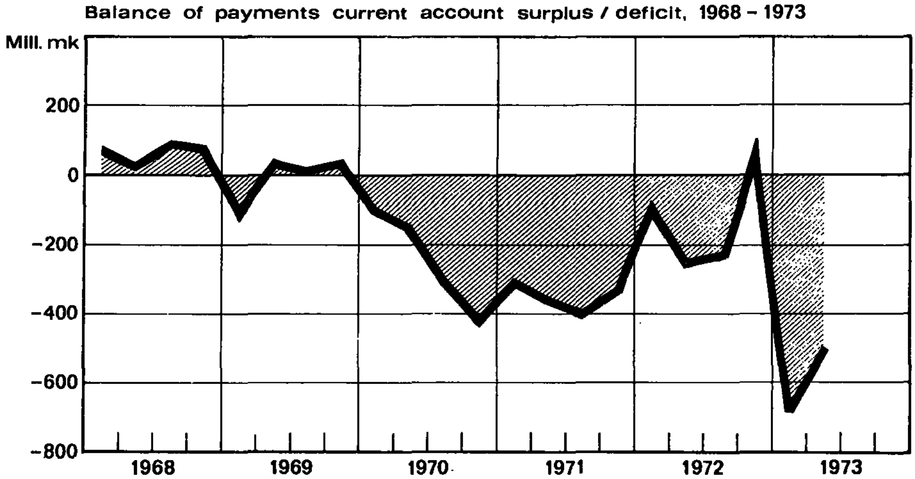
Bank of Finland's position in regard to the banks, 1968 – 1973



1. Net claims on the banks
2. Discounted and rediscounted bills

Seasonally adjusted end-of-month figures

Balance of payments current account surplus / deficit, 1968 – 1973



Seasonally adjusted quarterly figures

ECONOMIC SITUATION

The expansion of total demand and production which began in the latter half of 1972 has continued during this year. Since the last, mild recession produced relatively little slack in the economy, symptoms of overheating appeared rather soon in the cyclical upswing. At present a shortage of spare capacity, skilled labour and raw materials are limiting the further growth of production in many industries. Excess demand has led to a marked increase in the trade deficit and has, together with continuing international and domestic cost pressures, further strengthened inflation. On the other hand, a sharp tightening of the money market and counter-cyclical policies have already begun to curb the excessive growth in demand.

Even though the phase of most rapid growth has been passed in most countries, markets for Finnish exports are forecast to continue to expand substantially. However, exporters are not able to benefit fully from the growth of markets this year because of production bottlenecks. The growth in the value of exports, which was most marked in the wood-processing industries, was based mainly on price increases during the first half of the year. As exports of metal and engineering industry products are expected to pick up towards the end of the year, the volume of exports for the year as a whole will increase noticeably.

Largely as a result of policy measures, private fixed investment grew by three per cent in 1972 instead of declining as has often happened in similar cyclical situations. The most expansive component was residential building which grew by 16 per cent as a consequence of substantial government support. This year non-residential building increased materially as firms in various industries approached their capacity ceilings. The overall growth in the construction of buildings, and in particular residential construction, has, however, been held back by a shortage of labour in southern Finland and by a strike in early summer. Investments in machinery and equipment have started to grow even though the greatest expansion is not expected until 1974.

Private consumption picked up in 1972, and has continued to grow rapidly during the current year. This has been fed by expectations of continuing price increases and purchases of consumer durables have increased most quickly. For the whole year, however, the growth in private consumption is expected to fall short of last year's 7 ½ per cent which was in part caused by exceptional factors.

Last year general government demand for goods and services boosted total demand, but this year it will tend to moderate the growth in demand. The central government is slowing down its real investments because of an improving employment situation. The contractive effect of government demand is likely to continue next year, too.

The growth of total production accelerated clearly in 1972 even if some part of the annual growth rate of almost 7 per cent can be ascribed to strikes in the previous year. This year the growth rate of production has moderated somewhat because of bottlenecks in industrial production and construction of buildings. The capacity ceilings have been met in the wood-processing industry and growth in the metal industry and construction of buildings has been checked by labour shortages in southern Finland. However, the eastern and northern parts of the country continue to experience considerable structural unemployment despite the active manpower policy pursued. After several years of considerable emigration to Sweden, Finland experienced some net immigration in 1972, and this is expected to continue in the current year.

On account of limited domestic capacity and expectations of inflation, imports have grown materially in the current year. The increase has been strongest for passenger cars and other consumption goods on one hand and for raw materials and equipment on the other. The imports of investment goods have grown only moderately this year but is expected to accelerate next year.

Growing domestic demand has both limited the supply of exports and boosted the growth of the demand for imports so that the trade deficit has grown sharply during the first half of this year. Even if this is partially offset by net invisible earnings, the current account deficit has increased markedly compared with the year before. The rise in the cost of foreign borrowing and the disturbances in the international foreign exchange markets have reduced capital imports, and the current deficit has been reflected in the decline of the country's foreign exchange reserves.

After a year of relative ease the financial markets began to tighten considerably in 1973. The fall in foreign exchange reserves together with the absorption of private liquidity through the State's cash surplus have contributed to this tightening. Bank lending has grown far more rapidly than deposits during this year, partly because firms have turned away from foreign sources towards domestic financial intermediaries. Accordingly the liquidity position of private banks has deteriorated: the debt of the commercial banks to the central bank grew by more than 1 000 million marks in January—August. The main impact of the tight money market on total demand is not expected until 1974.

The acceleration of inflation which was experienced in 1972 has continued in the current year. The continuing rise in import prices has pushed up the cost level while the increase in export prices has tended to strengthen wage drift and raise stumpage prices. As a result of an increase of more than nine per cent in negotiated wages and salaries at the beginning of April and substantial wage drift due to excess demand for labour, the rise in labour costs is more rapid than it was last year.

To meet the problems of overheating, a number of policy measures has been taken. The central government will pursue a restrictive fiscal policy both this and next year. A temporary investment tax was imposed this summer to postpone low priority construction projects in southern Finland. The Bank of Finland also implemented several measures. These include a general rise in the level of interest rates of 1 ½ percentage units, a cash payment system for imports of consumer goods and a special deposit requirement for long-term capital imports. Since September 1st penalty rates have been applied to the central bank credit granted to commercial banks in excess of their quotas. On the other hand Bank of Finland has negotiated stand-by credits in foreign capital markets in order to safeguard the foreign exchange position of the country.

The main effect of the counter-cyclical measures taken will not be felt until next year. Inflation will apparently remain a major problem in the near future. Success in dealing with it will depend heavily on the outcome of the labour and other income negotiations. It is also obvious that the persistent current account deficit will continue to be a matter of concern during the coming years.

September 24, 1973

	1972		1973			
	Sept. 29	Dec. 29	Sept. 7	Sept. 14	Sept. 21	Sept. 28
Assets						
Gold and other foreign assets	3 245	2 912	2 322	2 358	2 333	2 253
Gold	205	205	205	205	205	205
Special drawing rights	283	283	285	285	285	285
IMF gold tranche	268	268	268	268	268	268
Foreign exchange	2 278	1 929	1 318	1 354	1 342	1 262
Foreign bills	102	110	109	109	97	97
Foreign bonds	109	117	137	137	136	136
Claims on domestic banks	677	758	1 931	1 845	2 138	2 243
Discounted bills	661	752	1 909	1 814	2 067	2 221
Rediscounted bills	1	1	0	—	—	—
Cheque accounts	15	5	22	31	71	22
Other lending	306	316	343	344	342	345
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	63	44	53	54	54	54
Loans	243	272	290	290	288	291
Other assets	661	607	801	803	801	801
Finnish bonds	95	47	232	232	232	232
Finnish coin	31	25	34	34	34	34
Currency subscription to Finland's quota in the IMF	530	530	530	530	530	530
Other claims	5	5	5	7	5	5
Total	4 889	4 593	5 397	5 350	5 614	5 642
Liabilities						
Notes in circulation	1 557	1 730	1 687	1 723	1 695	1 773
Liabilities payable on demand	593	136	392	216	506	448
Foreign exchange accounts	109	78	107	108	109	127
Mark accounts of holders abroad	28	43	50	51	48	49
Cheque accounts						
Treasury	48	1	49	33	48	50
Post Office Bank	388	2	162	3	278	199
Private banks	—	—	—	—	—	—
Other	1	1	2	1	2	2
Other sight liabilities	19	11	22	20	21	21
Term liabilities	959	899	1 626	1 719	1 718	1 717
Foreign	—	—	—	—	—	—
Domestic	959	899	1 626	1 719	1 718	1 717
IMF mark accounts	530	530	530	530	530	530
Allocations of special drawing rights	258	258	258	258	258	258
Equalization accounts	260	286	152	151	152	160
Bank's own funds	732	754	752	753	755	756
Capital	600	600	600	600	600	600
Reserve fund	74	74	114	114	114	114
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	58	80	38	39	41	42
Total	4 889	4 593	5 397	5 350	5 614	5 642

End of year and month	Gold and foreign accounts: Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Treasury: Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7—8)
	1	2	3	4	5	6	7	8	9
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1972									
July	3 028	181	2 847	748	530	3 065	— 3	35	— 38
Aug.	3 073	175	2 898	743	530	3 111	— 3	43	— 46
Sept.	3 034	137	2 897	741	530	3 108	— 2	48	— 50
Oct.	2 881	134	2 747	742	530	2 959	— 2	43	— 45
Nov.	2 791	146	2 645	740	530	2 855	— 2	47	— 49
Dec.	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1973									
Jan.	2 629	70	2 559	748	530	2 777	— 2	43	— 45
Feb.	2 530	70	2 460	740	530	2 670	— 2	47	— 49
March	2 287	75	2 212	737	530	2 419	— 2	41	— 43
April	2 177	73	2 104	752	530	2 326	— 2	46	— 48
May	2 280	90	2 190	762	530	2 422	— 1	41	— 42
June	1 985	75	1 910	771	530	2 151	— 1	5	— 6
July	1 931	96	1 835	791	530	2 096	— 1	44	— 45
Aug.	2 113	156	1 957	777	530	2 204	— 1	29	— 30
Sept.	2 020	176	1 844	763	530	2 077	— 1	50	— 51

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1972			Net holdings, July 31, 1973			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	July	Jan.-July
Cold	205	—	205	205	—	205	—	—
Special drawing rights	283	—	283	285	—	285	—	+2
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 814	463	2 277	875	489	1 364	+ 17	—913
Other currencies	— 6	— 3	— 9	201	—13	188	+ 3	+197
Total	2 564	460	3 024	1 834	476	2 310	+ 20	—714

BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks						Other				
	Dis-counted bills	Redis-counted bills	Cheque accounts [1]	Liabilities, Cheque accounts: Private banks [2]	Liabilities, Cheque accounts: Post Office Bank [2]	**Net claims on the banks (1+2+3—4—5)**	Inland bills in Finnish marks	Other advances	Liabilities	**Net claims on the rest of economy (7+8—9)**	Notes in circulation
	1	2	3	4	5	6	7	8	9	10	11
1966	—	915	—	14	17	884	180	85	72	193	1 106
1967	—	868	—	155	35	678	197	383	56	524	1 052
1968	—	618	107	163	16	546	186	195	43	338	1 160
1969	—	550	87	93	12	532	192	269	25	436	1 298
1970	827	9	3	1	4	834	137	246	528	—145	1 344
1971	848	1	—	9	2	838	121	234	908	—553	1 479
1972	752	1	5	—	2	756	44	277	909	—588	1 730
1972											
July	616	1	19	—	347	289	63	256	1 072	—753	1 513
Aug.	488	1	5	—	249	245	63	256	1 057	—738	1 474
Sept.	661	1	15	—	388	289	63	248	977	—666	1 557
Oct.	753	1	29	—	507	276	65	262	949	—622	1 507
Nov.	787	1	17	—	312	493	57	265	937	—615	1 556
Dec.	752	1	5	—	2	756	44	277	909	—588	1 730
1973											
Jan.	621	1	9	—	18	613	40	273	911	—598	1 497
Feb.	828	1	56	—	162	723	40	275	900	—585	1 521
March	986	1	17	—	16	988	41	291	891	—559	1 562
April	2 036	1	—	3	768	1 266	43	293	1 033	—697	1 937
May	1 363	1	—	4	22	1 338	47	297	1 030	—686	1 795
June	1 696	1	25	—	1	1 721	50	301	1 211	—860	1 829
July	2 060	0	60	—	156	1 964	51	297	1 477	—1 129	1 695
Aug.	1 776	0	8	—	5	1 779	52	295	1 646	—1 299	1 693
Sept.	2 221	—	22	—	199	2 044	54	296	1 739	—1 389	1 773

[1] Including special index accounts
[2] Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

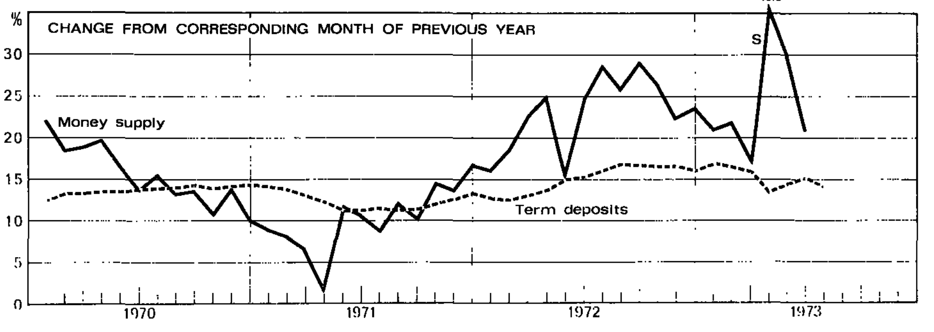
Mk

September 25, 1973

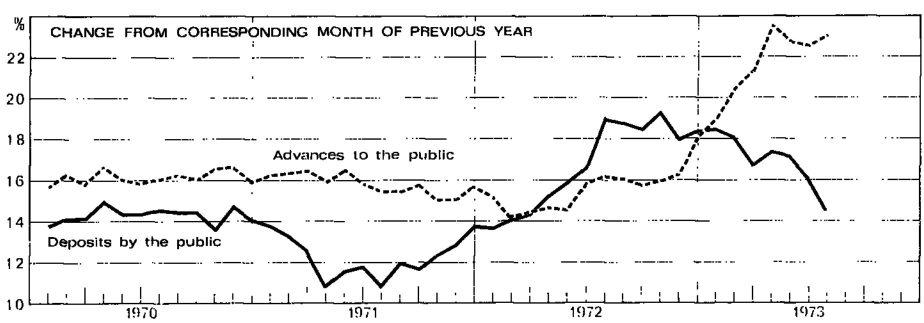
New York [1]	1 $	3.712	Frankfurt o. M.	100 DM	153.70	Vienna	100 S	20.80
Montreal	1 $	3.685	Amsterdam	100 Fl	147.05	Lisbon	100 Esc	15.90
London	1 £	8.985	Brussels [2]	100 Fr		Reykjavik	100 Kr	4.44
Stockholm	100 Kr	88.65	Zurich	100 Fr	123.60	Madrid	100 Pta	6.56
Oslo	100 Kr	67.80	Paris [3]	100 FF		Moscow [5]	1 Rbl	5.153
Copenhagen	100 Kr	64.75	Rome [4]	100 Lit				

[1] As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.
[2] 10.200 commercial rate; 10.200 financial rate.
[3] 88.50 commercial rate; 85.35 financial rate.
[4] 0.6580 commercial rate; 0.6350 financial rate.
[5] Clearing account: also Bucharest.

End of year and month	Sight deposits: Cheque accounts: Commercial banks	Sight deposits: Cheque accounts: All credit institutions	Sight deposits: Postal giro accounts	Term deposits: Commercial banks	Term deposits: Savings banks	Term deposits: Co-op. banks	Term deposits: Post Office Bank	Term deposits: Co-op. stores	Term deposits: All credit institutions	Total (2+3+9)
	1	2	3	4	5	6	7	8	9	10
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255 8
1969	1 057.4	1 373.9	520 8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972*	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8
1972*										
July	1 655.1	2 046.3	779.9	7 341.4	5 728.4	4 150.2	1 619.5	677.1	19 516.6	22 342.8
Aug.	1 637.3	2 078.4	793.6	7 418.0	5 813.8	4 218.5	1 634.3	678.4	19 763.0	22 635.0
Sept.	1 568.9	2 009.4	852.1	7 491.7	5 882.5	4 270.0	1 669.2	695.4	20 008.8	22 870.3
Oct.	1 735.6	2 181.9	793.0	7 567.4	5 934.6	4 311.5	1 693.8	697.2	20 204.5	23 179.4
Nov.	1 689.1	2 140.7	797.0	7 658.3	6 018.3	4 396.2	1 727.8	700.9	20 501.5	23 439.2
Dec.	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8
1973*										
Jan.	1 849.2	2 315.5	944.6	8 190.6	6 327.8	4 583.8	1 839.0	729.6	21 670.8	24 930.9
Feb.	1 796.9	2 261.8	1 047.7	8 221.3	6 399.2	4 655.8	1 866.7	737.5	21 880.5	25 190.0
March	1 649.4	2 132.3	989.5	8 197.1	6 412.9	4 672.2	1 869.7	742.3	21 894.2	25 016.0
April	1 660.4	2 144.0	1 488.1	8 028.9	6 325.3	4 647.3	1 892.5	747.5	21 641.5	25 273.6
May	1 919.5	2 512.9	1 037.9	8 259.6	6 462.6	4 712.7	1 893.8	753.0	22 081.7	25 632.5
June	1 816.1	2 292.4	1 092.5	8 345.6	6 490.8	4 699.2	1 926.3	752.0	22 213.9	25 598.8
July	1 754.2	2 236.9	1 041.5	8 326.0	6 506.9	4 735 7	1 950.5	757.7	22 276.8	25 555.2
Aug.	1 677.3	2 192.3	1 025.7	8 401.2	6 610.8	4 831.8	1 874.3	763.4	22 581.5	25 799.5



End of year and month	Advances granted by: Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Mortgage banks	Types of advances: Loans & Bills	Cheque credits	Total (1 to 5) (6 and 7)	Money Supply
	1	2	3	4	5	6	7	8	9
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025
1972*	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 959
1972*									
July	9 867.9	5 101.2	4 124.7	1 963.3	2 086.5	22 332.1	811.5	23 143.6	4 247
Aug.	9 865.5	5 167.3	4 187.4	2 022.3	2 103.7	22 540.1	806.1	23 346.2	4 268
Sept.	10 038.7	5 253.3	4 269.7	2 095.4	2 135.6	22 957.3	835.4	23 792.7	4 408
Oct.	10 214.8	5 335.2	4 357.3	2 087.0	2 171.6	23 370.8	795.1	24 165.9	4 422
Nov.	10 386.3	5 429.3	4 417.6	2 107.8	2 229.2	23 758.6	811.6	24 570.2	4 418
Dec.	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 959
1973*									
Jan.	10 788.6	5 590.5	4 525.4	2 344.4	2 438.0	24 878.1	808.8	25 686.9	4 627
Feb.	11 007.4	5 659.5	4 593.6	2 399.7	2 446.4	25 249.9	856.7	26 106.6	4 757
March	11 284.3	5 732.6	4 626.6	2 538.3	2 450.7	25 699.4	933.1	26 632.5	4 644
April	11 839.6	5 829.5	4 681.0	2 648.4	2 490.1	26 490.4	998.2	27 488.6	5 584
May	11 805.2	5 876.4	4 730.2	2 777.4	2 486.8	26 806.2	869.8	27 676.0	5 225
June	12 074.3	5 954.0	4 788.3	2 790.3	2 510.9	27 180.8	937.0	28 117.8	5 170
July	12 238.0	6 005.7	4 833.9	2 854.7	2 547.8	27 520.3	959.8	28 480.1	4 883
Aug.	12 419.3	6 096.5	4 908.2	2 915.1	2 565.5	27 928.1	976.5	28 904.6	4 791



STATE FINANCES

Mill. mk

Revenue	Jan.—July 1972	Jan.—July 1973
Income and property tax (net)	2 622	3 364
Gross receipts	(5 515)	6 786
Refunds & local authorities	(—2893)	(—3422)
Other taxes on income and property	48	62
Employers' child allowance payments	252	290
Sales tax	2 027	2 362
Revenue from Alcohol Monopoly	454	562
Customs duties & import charges	232	330
Counter-cyclical tax	3	—
Excise duty on tobacco	277	265
» » on liquid fuel	429	457
Other excise duties	189	219
Tax on autom. and motor cycles	234	419
Stamp duties	155	200
Special diesel etc. vehicles tax	39	37
Other taxes and similar revenue[1]	157	209
Total taxes	7 118	8 776
Miscellaneous revenue	638	514
Interest, dividends etc.	205	209
Sales and depreciation of property	—	—
Redemptions of loans granted	130	126
Total revenue	8 091	9 625
Foreign borrowing	137	10
Domestic borrowing	322	184
Total borrowing	459	194
Deficit (+) or surplus (—)	(—900)	(—1027)
Total	7 650	8 792

Expenditure	Jan.—July 1972	Jan.—July 1973
Wages, salaries, pensions etc.	1 331	1 514
Repair and maintenance	181	179
Other consumption expenditure	586	678
Total consumption expenditure	2 098	2 371
State aid to local authorities	1 020	1 294
State aid to industries	853	872
of which: agric. price subsidies	(634)	(593)
Child allowances	185	181
Share in national pensions and health insurance	145	136
Other transfer expenditure	907	1 051
Total transfer expenditure	3 110	3 534
Machinery and equipment	271	289
House construction	166	178
Land and waterway construction	513	565
Total real investment	950	1 032
Interest on State debt	172	186
Index compensations	18	19
Net deficit of State enterprises	88	125
Other expenditure	9	7
Total other expenditure	287	337
Increase in inventories	+55	—8
Lending	539	700
Other financial investment	159	153
Total expenditure	7 198	8 119
Redemption of foreign loans	101	107
Redemption of domestic loans	351	566
Total redemptions	452	673
Total	7 650	8 792

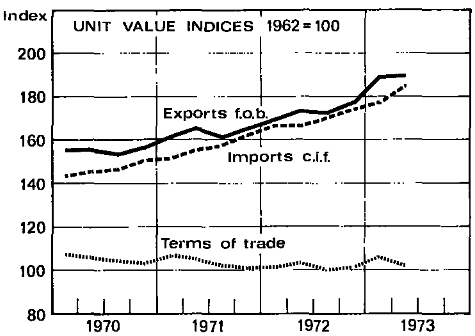
[1] Including supplementary turnover tax and import-equalization tax from June 1971.

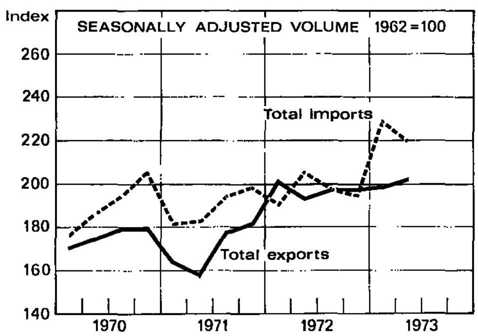
State debt	1969 Dec.	1970 Dec.	1971 Dec.	1972 Dec.	1973 June	1973 July	1973 August
Foreign debt	1 656	1 557	1 524	1 517	1 505	1 539	1 513
Lonas	2 316	2 437	2 467	2 268	1 947	1 929	1 928
Compensatory obligations	4	3	2	2	1	1	1
Short-term credit	158	46	61	56	50	38	..
Cash debt (net)	—217	—284	—528	—488	—382	—525	..
Domestic debt	2 261	2 202	2 002	1 838	1 616	1 443	..
Total State debt	3 917	3 759	3 526	3 355	3 121	2 982	..
Total debt, mill $	933	900	849	804	836	821	..

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (—)
1967	5 231	5 794	— 563
1968	6 874	6 711	+ 163
1969	8 345	8 505	— 160
1970	9 687	11 071	—1 384
1971	9 897	11 734	—1 837
1972*	12 082	13 107	—1 025
1972*			
Sept.	1 171	1 092	+ 79
Oct.	1 019	1 215	—196
Nov.	1 135	1 257	—122
Dec.	1 175	1 207	— 32
1973*			
Jan.	1 074	1 391	— 317
Feb.	1 079	1 104	— 25
March	1 167	1 384	— 217
April	938	1 287	— 349
May	1 336	1 461	— 125
June	925	1 107	— 182
July	1 094	1 206	— 112
Jan.-July			
1972*	6 750	7 337	— 587
1973*	7 613	8 940	—1 327

Period	Indices of exports and imports 1962 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104
1972*	197	196	174	170	102
1971					
Jan.-Mar.	152	169	162	152	107
Apr.-June	157	182	166	156	106
July-Sept.	176	184	162	158	103
Oct.-Dec.	198	223	166	163	102
1972					
Jan.-Mar.	192	179	170	167	102
Apr.-June	187	200	174	167	104
July-Sept.	197	190	173	171	101
Oct.-Dec.	212	215	178	175	102
1973[1]					
Jan.-Mar.	197	222	190	178	107
Apr.-June	190	211	191	186	103

[1] The 1973 figures have been calculated by converting the final 1972 Fisher index with the percentage change in the 1973—1972 Laspeyres index.

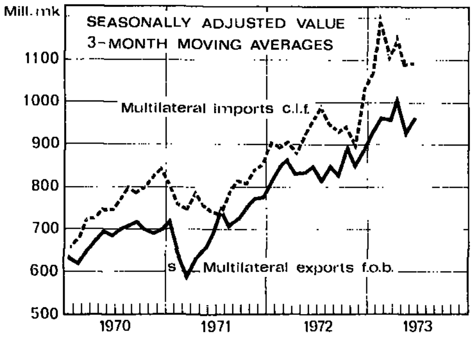


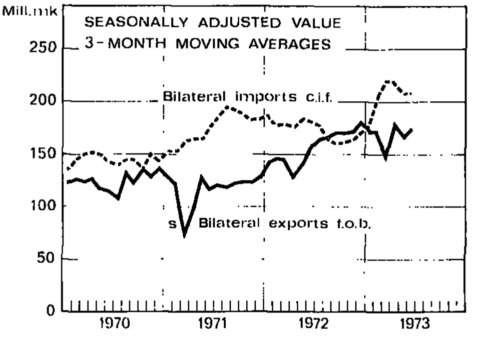


FOREIGN TRADE BY MAIN GROUPS

Mill. mk

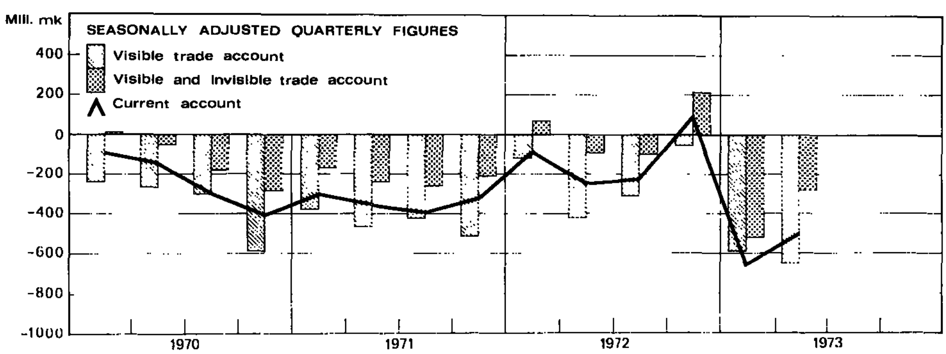
Period	Exports, f.o.b. Agri-cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, en-gineering industry products	Other goods	Imports, c.i.f. Raw materials and pro-ducer goods	Fuels and lubricants	Finished goods: Investment goods	Consumer goods
1967	261	54	866	2 384	1 081	585	2 546	668	1 463	1 117
1968	327	56	1 158	2 994	1 566	773	3 023	874	1 525	1 289
1969	360	72	1 400	3 374	2 012	1 127	3 693	949	2 229	1 634
1970	426	88	1 544	3 789	2 437	1 403	4 918	1 243	2 906	2 004
1971	547	89	1 653	3 721	2 323	1 564	4 639	1 557	3 427	2 111
1972*	634	56	1 824	4 253	3 246	2 069	5 238	1 626	3 586	2 657
1972*										
Sept.	55	7	199	420	248	242	451	143	269	229
Oct.	45	4	170	343	257	200	480	167	309	259
Nov.	41	9	189	380	310	206	508	162	313	274
Dec.	72	3	186	438	281	195	523	139	303	242
1973*										
Jan.	89	6	175	359	279	166	556	164	364	307
Feb.	24	6	159	398	308	184	444	86	311	263
March	83	3	166	424	271	220	532	101	415	336
April	49	5	142	350	219	173	501	125	344	317
May	71	6	202	463	388	206	580	117	458	306
June	34	3	103	249	369	167	454	123	308	222
July	30	4	193	412	296	159	474	173	343	216
Jan.-July										
1972*	390	29	935	2 353	1 978	1 065	2 863	871	2 151	1 452
1973*	380	33	1 140	2 655	2 130	1 275	3 541	889	2 543	1 967





Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—July				January—July			
	1972*		1973*		1972*		1973*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	72.2	4 871	70.9	5 398	74.7	5 483	74.0	6 618
Austria	0.9	58	1.1	83	1.5	111	1.6	147
Belgium-Luxembourg	1.7	115	1.7	132	1.9	136	2.3	205
Denmark	3.5	240	4.3	331	3.1	229	3.6	321
France	3.9	263	4.1	315	3.9	289	3.4	302
Federal Republic of Germany	10.1	685	10.6	810	18.1	1 325	18.6	1 665
Italy	1.6	109	1.9	142	2.0	149	1.9	169
Netherlands	3.4	231	3.7	280	3.6	261	3.5	311
Norway	4.0	267	3.9	294	2.8	208	2.6	231
Portugal	0.3	19	0.4	28	0.7	52	0.8	73
Spain	0.9	64	1.1	81	0.6	46	0.7	63
Sweden	18.7	1 259	15.4	1 170	18.6	1 362	19.7	1 760
Switzerland	2.0	135	2.2	166	3.3	244	3.1	280
United Kingdom	18.4	1 239	19.0	1 449	14.3	1 050	11.6	1 033
Other	2.8	187	1.5	117	0.3	21	0.6	58
OECD countries outside Europe	7.0	471	6.6	505	6.6	482	7.8	694
Canada	0.8	56	0.6	47	0.3	20	0.3	22
Japan	0.5	30	0.6	47	1.8	134	2.5	226
United States	5.0	337	4.6	353	4.3	315	4.9	436
Other	0.7	48	0.8	58	0.2	13	0.1	10
CMEA countries	14.3	965	14.6	1 108	15.0	1 100	14.6	1 310
Czechoslovakia	0.5	34	0.3	26	0.5	36	0.5	47
Democratic Republic of Germany	0.4	29	0.6	42	0.6	43	0.5	45
Poland	0.8	53	1.3	96	1.0	75	1.1	100
Soviet Union	11.8	792	11.6	881	11.9	871	11.5	1 025
Other	0.8	57	0.8	63	1.0	75	1.0	93
Latin America	2.0	137	2.0	151	1.7	124	1.5	134
Argentina	0.4	24	0.4	30	0.1	10	0.0	4
Brazil	0.8	53	0.7	50	0.5	39	0.4	38
Colombia	0.1	10	0.1	11	0.5	35	0.5	43
Other	0.7	50	0.8	60	0.6	40	0.6	49
Other	4.5	306	5.9	451	2.0	148	2.1	184
GRAND TOTAL	100.0	6 750	100.0	7 613	100.0	7 337	100.0	8 940
of which								
EFTA countries	25.9	1 750	23.1	1 758	27.1	1 988	28.1	2 511
EEC countries	43.5	2 936	46.1	3 512	46.9	3 442	45.1	4 032
OECD countries	79.2	5 342	77.5	5 903	81.3	5 965	81.8	7 312

Period	Visible exports f.o.b.	Visible imports c.i.f.	**Visible trade account**	Transport, net	Travel, net	Other services, net	**Visible and invisible trade account**	Investment income, net	Transfer payments, net	**Current account**
1970	9 634	11 099	—1 465	+716	+142	+17	—590	—397	—18	—1 005
1971	9 845	11 762	—1 917	+660	+247	+66	—944	—477	— 1	—1 422
1972	12 012	13 087	—1 075	+731	+335	+72	+ 63	—586	+43	— 480
Jan.-Mar										
1970[r]	2 074	2 309	—235	+192	— 9	— 3	— 55	— 86	—11	—152
1971[r]	2 168	2 536	—368	+208	— 13	+19	—154	—135	— 1	—290
1972	2 870	2 960	— 90	+217	+ 3	+ 1	+131	—142	—22	— 33
1973*	3 301	3 888	—587	+225	— 5	+10	—357	—150	—14	—521
Apr.-June										
1970[r]	2 429	2 721	—292	+180	+ 10	+ 0	—102	— 96	+ 1	—197
1971[r]	2 291	2 797	—506	+141	+ 47	+21	—297	—118	— 1	—416
1972	2 856	3 298	—442	+162	+ 57	+46	—177	—155	— 8	—340
1973*	3 182	3 822	—640	+200	+ 48	+10	—382	—199	—23	—604
July-Sept.										
1970[r]	2 469	2 690	—221	+180	+109	— 4	+ 64	—110	— 1	— 47
1971[r]	2 501	2 864	—363	+159	+166	+16	— 22	—119	— 4	—145
1972	2 978	3 195	—217	+170	+191	+19	+163	—140	+20	+ 43
Oct.-Dec.										
1970[r]	2 662	3 379	—717	+164	+ 32	+24	—497	—105	— 7	—609
1971[r]	2 885	3 565	—680	+152	+ 47	+10	—471	—105	+ 5	—571
1972	3 308	3 634	—326	+182	+ 84	+ 6	—54	—149	+53	—150

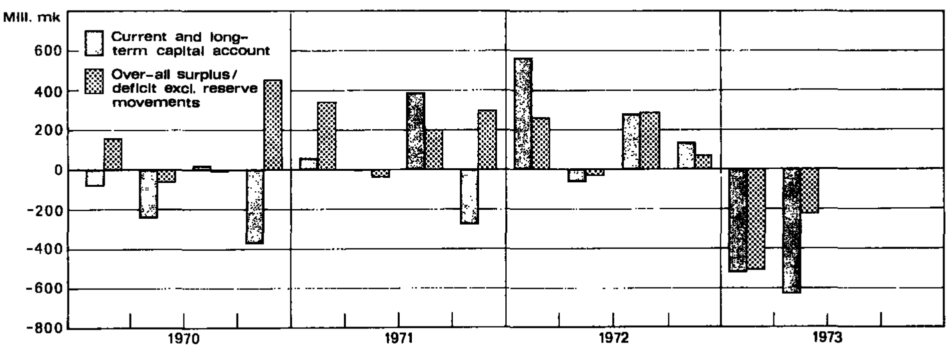


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net [1]	**Long-term capital account**	**Current and long-term capital account**	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	**Over-all surplus/ deficit excl. reserve movements**	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 479	—694	—253	—202	+330	—675	+751	+237	+232[2]	+545	—563	+ 18
+2 730	—855	—208	— 85	+1 582	+160	+387	+197	+ 62[2]	+806	—555	—251
+3 014	—1 228	—376	—106	+1 304	+824	+104	— 90	—247[2]	+591	—271	—320
+ 278	—158	— 51	+ 1	+ 70	— 82	— 9	+225	+ 23	+157	—240	+ 83
+ 609	—228	— 5	—17	+359	+ 69	+ 21	+329	— 77	+342	—314	— 28
+ 968	—273	—115	+17	+597	+564	—152	— 27	—124[2]	+261	—327	+ 66
+ 379	—392	+ 34	—24	— 3	—524	+ 35	+ 7	— 25	—507	+353	+154
+ 220	—191	— 69	— 4	— 44	—241	+142	+ 42	— 4	— 61	— 86	+147
+ 596	—201	— 11	—30	+354	— 62	—140	+146	+ 19	— 37	+ 99	— 62
+ 655	—180	—192	— 5	+278	— 62	+ 92	+ 25	— 84	— 29	+ 37	— 8
+ 308	—277	— 48	—10	— 27	—631	+110	+323	— 29	—227	+301	— 74
+ 359	—175	— 60	—58	+ 66	+ 19	+ 87	+ 5	—119	— 8	—116	+124
+ 869	—252	— 89	+ 5	+533	+388	— 60	+ 21	—150	+199	— 35	—164
+ 628	—327	— 41	—25	+235	+278	+265	—124	—131	+288	—314	+ 26
+ 622	—170	— 73	—141	+238	—371	+531	— 35	+332	+457	—121	—336
+ 656	—174	—103	— 43	+336	—235	+566	—299	+270	+302	—305	+ 3
+ 763	—448	— 28	— 93	+194	+ 44	—101	+ 36	+ 92	+ 71	+333	—404

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

[1] Including Direct investment, net.

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



Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
		Origin		Purpose			Stage of processing					
	Total	Domestic goods	Imported goods	Producer goods	Machinery & transport equipm.	Consumer goods	Raw materials and commodities	Simply processed goods	More elaborately processed goods	Total	Wages in building trade	Building materials
1970	297	300	286	299	317	290	329	290	283	138	146	126
1971	312	315	302	309	361	304	346	295	303	149	162	134
1972	338	342	325	330	400	334	370	318	332	161	182	141
1972												
Dec.	356	361	339	351	408	350	396	338	344	166	187	147
1973												
Jan.	363	365	352	356	413	359	401	345	352	168	190	147
Feb.	367	370	357	361	413	364	403	351	356	169	190	149
March	372	374	365	367	429	365	405	358	362	171	190	152
April	374	376	369	369	430	367	403	362	365	175	191	160
May	382	383	375	379	438	372	407	377	369	180	191	170
June	389	391	380	390	441	374	415	390	372	183	191	176
July	404	408	390	406	456	389	439	406	382	192	213	179
Aug.	408	412	391	414	456	388	440	414	384	198	213	188

Period	Cost of living Oct. 1951 = 100	Consumer prices Oct.-Dec. 1967 = 100	Consumer prices 1967 = 100									
			Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1970	223	175	115	116	115	109	115	121	115	113	113	115
1971	237	186	122	121	119	112	125	141	119	125	119	125
1972	254	199	131	133	125	118	131	147	126	135	128	135
1972												
Dec.	262	206	135	139	127	122	135	149	130	139	130	140
1973												
Jan.	265	208	136	140	130	124	135	149	131	141	131	141
Feb.	267	210	138	141	131	126	136	151	132	142	132	142
March	269	211	139	142	132	126	137	153	133	142	133	143
April	272	214	140	143	137	127	140	155	135	143	136	145
May	277	218	143	147	137	128	142	157	135	147	137	147
June	280	220	144	150	137	128	143	158	136	148	139	150
July	288	226	148	152	138	128	161	158	137	152	139	151
Aug.	292	229	151	154	138	131	164	159	139	155	141	152

WAGES

Index of salary and wage earnings 1964 = 100

Period	By industries: Wage earners in: Agriculture	By industries: Wage earners in: Manufacturing	By industries: Wage earners in: Construction	By industries: Employees in services	By institutional sectors: State employees	By institutional sectors: Municipal employees	By institutional sectors: Employees in private sector	All salary earners	All wage earners	**All employees**
1970	181	170	170	164	161	165	164	157	169	164
1971	210	195	195	180	176	178	188	171	195	185
1972*	254	222	222	197	189	196	212	189	220	206
1971										
Oct.-Dec.	219	205	207	185	181	184	196	177	204	192
1972*										
Jan.-Mar.	236	207	206	186	179	186	197	178	205	193
Apr.-June	251	225	219	198	191	194	215	191	223	209
July-Sept.	256	227	228	202	194	201	219	193	229	213
Oct.-Dec.	272	230	235	203	193	202	220	193	229	213
1973*										
Jan.-Mar.	286	231	237	206	198	206	221	195	231	216
Apr.-June	314	245	248	222	213	222	239	213	249	233

PRODUCTION

Volume indices of production 1964 = 100

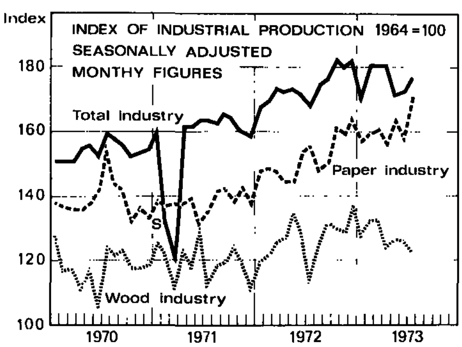
Period	**Gross domestic product**	Industrial production	Agriculture	Forestry	House construction	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1970	132	154	96	111	141	98	132	132	129	128	134
1971	136	157	98	106	138	99	134	140	135	135	140
1972*	145	176	95	95	149	103	144	154	142	140	148
1972*											
Jan.-Mar.	142	181	60	132	106	103	132	145	140	138	147
Apr.-June	143	172	86	108	143	106	146	149	141	139	148
July-Sept.	144	157	172	51	169	102	150	152	142	140	148
Oct.-Dec.	151	194	62	90	177	101	150	170	145	141	150
1973*											
Jan.-Mar.	149	195	52	128	119	106	143	161	146	140	154
Apr.-June	149	185	82	118	136	101	153	160	147	144	155

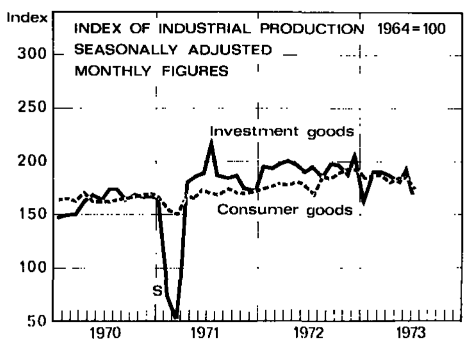
PRODUCTION

Index of industrial production 1970 = 100[1]

Period	Total	Invest-ment goods	Other producer goods	Consumer goods	Special indices of manufacturing: Food industry	Wood industry	Paper industry	Chemi-cal industry	Non-metallic mineral industry	Metal industry	Total, adjusted for seasonal varia-tions
1971*	102	99	102	102	105	103	98	107	102	99	101
1972*	114	120	113	111	110	110	110	137	113	118	113
1972*											
Jan.	114	130	114	109	96	108	114	139	98	126	109
Feb.	114	129	114	110	96	113	110	135	100	124	110
March	123	138	122	120	107	121	116	147	108	134	112
April	112	124	110	112	104	118	94	137	104	120	112
May	116	125	114	116	120	130	100	133	106	125	112
June	110	117	108	110	117	116	97	134	104	114	111
July	78	62	83	69	103	63	107	105	87	61	110
Aug.	114	109	111	118	120	98	111	136	129	110	113
Sept.	115	124	114	113	108	112	109	126	130	122	114
Oct.	126	133	126	123	126	119	124	152	135	132	118
Nov.	125	131	123	125	118	111	121	148	131	132	117
Dec.	116	119	117	111	104	104	111	149	120	122	119
1973*											
Jan.	123	123	125	120	98	126	123	156	128	126	111
Feb.	116	121	117	112	96	117	115	139	122	123	117
March	129	132	130	127	108	132	126	152	138	138	117
April	112	112	111	113	103	111	99	145	124	115	117
May	123	125	120	126	126	132	122	140	96	131	112
June	106	114	103	109	108	111	94	121	70	117	112
July	83	56	88	72	109	65	118	105	109	57	115

[1] New series, see explanations on page 18 and item on page 26.





LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	118
1970	2 194	2 153	41	1.9	39 267	114	130	125
1971	2 199	2 150	49	2.2	36 238	118	137	122
1972*	2 206	2 149	57	2.6	31 441	128	151	132
1972*								
Sept.	2 198	2 153	45	2.0	1 637	130	157	137
Oct.	2 194	2 148	46	2.1	2 092	134	164	143
Nov.	2 190	2 142	50	2.3	2 367	134	169	147
Dec.	2 187	2 132	55	2.5	3 328	177	173	138
1973[1]								
Jan	2 127	2 055	72	3.4	3 257	116	140	141
Feb.	2 116	2 047	69	3.3	3 529	117	153	123
March	2 111	2 048	63	3.0	4 175	132	176	137
April	2 120	2 060	60	2.8	4 088	125	160	..
May	2 177	2 128	49	2.3	2 446	..	..	..
June	2 364	2 314	50	2.1	1 461	..	..	..

[1] See explanations on page 18.

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
	Million cubic metres										
1970	41.42	17.96	3.72	15.56	2.36	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	2.60	37.35	15.79	3.16	13.88	2.91	37.64
1972*	47.73	20.56	3.08	17.04	4.28	39.72	18.02	2.81	14.13	2.96	39.29
1972*											
Jan.-Mar.	7.31	2.73	0.55	3.20	0.48	7.95	3 23	0.33	3.44	0.75	34.34
Apr.-June	13.52	6.22	1.55	3.91	0.85	8.02	4.08	0.35	2.56	0.65	38.57
July-Sept.	13.44	6.11	0.55	4.89	1.17	9.90	4.49	0.83	3.18	0.75	40.93
Oct.-Dec.	13.46	5.50	0.43	4.88	1.78	13.32	5.94	1.26	4.83	0.77	39.29
1973*											
Jan.-Mar.	10.62	3.99	0.80	4.85	0.50	8.07	3.71	0.42	3.17	0.51	38.39

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. Since Dec. 31, 1969. *Gold and foreign exchange* = Gold (valued on basis of the value of the mark) + Special drawing rights + IMF gold tranche + Foreign exchange. *Liabilities on foreign exchange and mark accounts* = Foreign exchange accounts + Mark account of holders abroad. *Other foreign assets* = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF. *Other foreign liabilities* = Foreign term liabilities + IMF mark accounts. *Claims on Treasury* = Treasury bills covering certain IMF and IBRD accounts + Advances for stand-by stocks — Export levies (net). *Foreign exchange situation:* Gold holdings are valued on basis of the par value of the mark. Gold tranche position measures that part of Finland's quota which may be drawn essentially automatically in convertible exchange against payment in marks.
Page 5. *Other advances* = Inland bills discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills and Advances for stand by stocks). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities — Cash reserve accounts — Export levies (net).

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

Figures for deposits and advances are supplied by the Central Statistical Office.
Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative banks.
Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public.

STATE FINANCES

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

FOREIGN TRADE

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

BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland Institute for Economic Research. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

PRICE INDICES

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

WAGES — PRODUCTION

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

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

Page 17. *Labour* figures supplied by the Central Statistical Office. As of the beginning of 1973, the figures for the labour force, the employed labour force and the rate of unemployment are not fully comparable to the previous figures. The sample population used in the Labour Force Sample Survey was changed to accord with the data provided by the demographic forecast made in 1973. In January 1973, the labour force was estimated to be about 30 000 persons smaller, and the seasonally unadjusted rate of unemployment about 0.1 percentage point lower, than the corre- ponding figures derived with the aid of the former sample population.
Commercial timber fellings compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Indicator of traffic activity* calculated by the Bank of Finland Institute for Economic Research. Figures are weighted averages of the sea, air, railway and road traffic. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1978, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1972 is as follows: Social Democrats 56, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish People's Unification Party 13, Swedish Party 10, Liberal Party 6, Finnish Farmers Party 5 and Christian League 4.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966 and OECD 1969

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1971): 4.6 million. Sweden 8.1, Switzerland 6.3, Denmark 5.0 and Norway 3.9 million.

DENSITY OF POPULATION (1971:) In South Finland 44.2 in East and Central Finland 14.2, in North Finland 3.9 and in the whole country an average of 15.2 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1971): 52 % of the population inhabit the rural areas, 48 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 519 900 inhabitants, Tampere (Tammerfors) 159 600, Turku (Åbo) 159 900.

EMPLOYMENT (1971): Agriculture and forestry 21 %, industry and construction 36 %, commerce 15 %, transport and communications 7 %, services 21 %.

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

EDUCATION (1971): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 10 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1971): births 13.3 ‰, deaths 9.9 ‰, change + 3.3 ‰, net emigration 0.0 ‰. Deaths in France 10.7 ‰ and Great Britain 11.6 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1972, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 225 (7 %), forestry and fishing 2 721 (6 %), manufacturing 15 147 (31 %), construction 4 703 (10 %), transport and communication 4 750 (10 %), commerce, banking and insurance 6 174 (13 %), public administration 2 191 (4 %), ownership of dwellings 2 538 (5 %), services 6 891 (14 %), total 48 340. Index of real domestic product 143 (1964 = 100).

FOREST RESOURCES (1971). The growing stock comprised 1 448 million of solid cu. m incl. bark (51 135 million cu.ft), of which pine 44 % and spruce 37 %, the remaining 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 386 million cu. ft, 48 % of them pine, was up to the standard required for logs The annual growth is 47.6 million solid cu. m green wood excl. bark (1 681 mill. cu. ft). The total removal calculated according to the use of wood was 48.4 million cu. m excl. bark (1 709 million cu. ft).

AGRICULTURE (1971): Cultivated land 2.7 million hectares. Number of holdings 297 257, of which 188 461 are of more than 5 ha. Measure of self-sufficiency in bread cereals 97 % in the crop year 1970/71 and 115 % in 1971/72.

INDUSTRY (1970): Gross value of industrial production 35 577 mill. marks, number of workers 502 981, salaried employees 103 449, motive power (1970) 5.1 mill. kW. Index of industrial production 238 for 1971 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1973): Length 5 887 km.

MERCHANT FLEET (Aug. 31, 1973): Steamers 31 (31 500 gross reg. tons), motor vessels 386 (768 800 gross reg. tons), tankers 59 (760 000 gross reg. tons), sailing vessels with auxiliary engines 3 (500 gross reg. tons). Total 479 (1 560 800 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1972): Passenger cars 818 000, lorries and vans 116 100, buses 8 400, others 5 400. Total 947 900.

FINNISH AIRLINES (March 31, 1973): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6s, 8 Super Caravelles 8 DC-9s and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 25 airports and to 18 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). Since Oct 12 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Since Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar has been applied.

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, 1972). There are two big and five small commercial banks with in all 837 offices, 302 savings banks, 406 co-operative banks, six mortgage banks, and Post Office Bank The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-nine private insurance companies also grant credits.

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

HALF A CENTURY OF PLASTICS IN FINLAND

by Jorma Pohjanpalo, D.Sc. (Econ.)

Managing Director of the Finnish Plastics Association (Muoviyhdistys)

PLASTICS INDUSTRY

The origins of the Finnish plastics industry can be traced back to 1921, when domestic galalite was first used to manufacture small everyday articles, such as combs, buttons, and similar items. The first real plastics plant was set up in Helsinki twelve years later, and when World War II broke out, there were about ten plastics plants operating in Finland. However, in Finland as elsewhere the plastics processing industry came into its own only after the war.

At present the plastics industry is one of the most expansive sectors of the economy, and there are more than 500 manufacturing enterprises in the plastics field in Finland. Between 1968 and 1972, the total value of plastics processing in the firms which are members of the Finnish Plastics Association increased by almost 150 per cent; the share of these firms in the total turnover of the Finnish plastics industry is about 95 per cent. At the beginning of 1973, the members of the Association employed about 8 000 persons, of whom 6 000 were ordinary plastics workers. A number of firms in other industrial fields also manufacture plastic products which are used as raw materials.

In Finland plastic firms are mainly small or medium-sized, however, the tendency is towards large establishments, the biggest of which employs more than 500 workers. This industry is also rather concentrated, with the 15 largest member firms of the Finnish Plastics Association accounting for somewhat less than three quarters of the total turnover of the member firms.

In Finland the consumption of plastics has increased sharply as indicated in the table below.

Year	Tons
1955	11 000
1960	37 500
1965 (approx.)	100 000
1970	208 000
1971	212 000
1972	229 000

In 1972 the consumption of plastics per inhabitant in Finland was 49.8 kgs, which is very high when compared with other countries.

In addition, plastic raw material is used to manufacture other products, especially products of the wood-processing industry. Plastic glues are just one example of how plastics are used in industrial processes. Last year the total output of these glues came to 135 000 tons, or to 43 000 tons more than in the previous year.

The table below shows the development of the value of plastic imports and exports in recent years.

Year	Plastic raw materials	Semi-finished products		Finished products	
	Imports Mill. mk	Imports	Exports	Imports	Exports
		Mill mk		Mill. mk	
1967	115.4	39.0	21.4	19.0	9.4
1968	159.1	45.3	18.0	22.4	15.2
1969	194.2	57.9	28.5	29.7	24.7
1970	258.0	74.7	36.4	42.3	30.5
1971	263.1	77.4	38.1	49.7	43.4
1972	272.9	96.5	51.8	60.1	67.8

These figures, which are based on Customs statistics, do not fully reflect the volume of foreign trade in plastic products, because substantial quantities are exported under different tariff headings, e.g., plastic furniture.

In 1972 the value of imported plastic raw materials and semi-finished plastic products amounted to 86 per cent of the total value of imports of plastics, which was 430 million marks. The corresponding share was 89 per cent in 1967. In 1972 the total value of exported plastic products came to 154 million marks; semi-finished or finished products accounted for the major part of exports. During the past five years, the value of exports of finished plastic products has risen sharply, and in 1972 it exceeded the value of finished plastic product imports for the first time. Exports are mainly directed to the Scandinavian countries and the Soviet Union. In recent years Finland has begun to export plastic raw materials, primarily to Northern Europe. In 1972 the total value of exported plastic raw materials amounted to 34 million marks.

The small size of the domestic market has forced firms to seek new export outlets so as to be able to operate on a profitable scale. Moreover, the ever increasing competition has made exporters focus their attention on both the quality of their output and on product development.

THE MANUFACTURE OF PLASTIC RAW MATERIALS

The latest ten to 15 years have seen an overall expansion of the petrochemical industry far above all preliminary estimates. At present this industrial sector derives some 95 per cent of its basic raw materials from oil refineries or from natural gas plants.

The Finnish petrochemical industry dates from 1957, when Finland's first oil refinery, founded by a state-owned company Neste Oy, started operations in Naantali. A second oil refinery owned by the same company was built near Porvoo in 1965. A third refinery is now being planned.

The vital basic raw material of the plastics industry is ethylene. It is found to varying degrees in almost all major types of plastics. An ethylene plant operating in connection with Neste's Porvoo oil refinery was completed in 1972 thus creating the basis for further processing of ethylene. The goal is to process domestically major basic plastics into as valuable products as possible. The production programme centres mainly on the processing of polyethylene and polyvinyl chloride, the domestic consumption of which is substantial. A sizeable petrochemical industrial centre is springing up near Porvoo in the wake of the second oil refinery and the ethylene plant of Neste Oy. Manufacturing establishments have been set up either jointly by the Central Government and large private corporations or by the corporations themselves. Plastics processing requires rather much capital and technical know-how, which explains the need for concentration in this field. It is intended that the output of the plants will mainly meet domestic demand and do away with the need to import plastics. However, there also seem to be export opportunities in this field.

Pekema Oy, a firm which produces plastic raw materials, was founded in 1969. One half of its share capital is owned by the state, the other half by private corporations or persons. Pekema obtains most of the raw material it needs from the ethylene plant of Neste Oy. Total sales of Pekema are estimated to come to about 100 million marks in 1973.

It is forecast that the share of exports in the volume of Pekema's total production will be between 30 and 40 per cent in the next few years; exports will be directed mainly to EFTA countries.

In 1970 four Finnish companies with interests in the petrochemical industry formed a corporation called Stymer Oy. Its production programme includes the processing of styrene polymers and copolymers. The experimental operation of this plant was started in September 1972 and commercial production at the beginning of 1973. The plans were drawn up in such a way that present output can be doubled without unreasonably expensive investment. It is also possible to diversify the different product groups and to take care of packaging and transportation questions in keeping with the demands of the market. In addition to the domestic market, the present marketing area of Stymer Oy includes the Scandinavian countries and other EFTA countries. Stymer Oy is also planning to start exporting special products outside the EFTA area.

Kymin Oy is one of the enterprises which have started to manufacture petrochemical products; previously its production programme included organic chemicals. A production unit manufacturing plasticizers was started in June 1970. In September of the same year, the construction of a polyester unit was completed. Two years later, in the spring of 1972, Kymin Oy started to manufacture phtalic acid anhyride, which is used as raw material for the products mentioned above. A significant part of the output of the newest factory is exported, because the output well exceeds the needs of the home market. Furthermore, some plasticizers are also exported. The exports of both these products are primarily directed to the Scandinavian countries, the Soviet Union and the United Kingdom.

Moreover, other plastic raw materials are manufactured in Finland. These include furfural which has been manufactured through a method developed in Finland in the furfural plant of Oy Rosenlew Ab located in Pori since the summer of 1968. Synthetic fibres and various plastic materials are made of furfural. In Finland it is used particularly for the manufacture of furane resins and to meet the needs of the oil industry.

In order to ensure the availability of necessary raw materials for Finland's rapidly developing reinforced plastics industry, a firm called Karhulan Kuitulasi Oy was set up in 1969.

Its production line includes the manufacture and processing of textile glass fibre or continuous glass fibre. The company is owned by A. Ahlström Oy and a Swedish company, Scandinavian Glasfiber Ab. The plant, which started operations in the spring of 1971, has firmly established itself as the primary supplier of raw materials for the Finnish reinforced plastics industry.

Phenol is coming to play a more important rôle in the manufacture of plastic glues and processed wood laminates. As a result of pronounced expansion in the manufacture of plastic glues, domestic consumption of phenol has increased considerably. The state-owned company Kemira Oy is investigating the prospects for manufacturing phenol in Finland; export potentials in this field are also being examined.

CONCLUSION

The rapid expansion of the Finnish plastics industry and the ancillary petrochemical industry reflects Finland's efforts to diversify her industrial structure. The development of this sector is also related to the growing need to raise the processing stage in the wood-processing industry. Manufacturers of paper products are gradually discovering various ways to use paper and plastics to produce more advanced products.

Progress in the plastics industry has required the acquisition and introduction of a new kind of technological know-how. In order to ensure continuous progress and competitiveness in the field, higher education and research are of vital importance. At present, higher education in the plastics field is provided in Helsinki and Turku, where every year between 30 and 35 plastics experts take a university degree. More than ten research institutions have been set up in Finland to carry out research in the polymer field.

ITEMS

Revision in the foreign exchange regulations. The Bank of Finland has revised the regulations concerning advance payments for exported goods listed in Chapter 44 of the Customs Tariff, i.e. wood and articles of wood. As of September 12, 1973 the acceptance of advance payments for these products is permitted only with the authorization of and on the conditions set by the Bank of Finland.

The very high level of economic activity abroad has produced a particularly steep rise in the value of sawn timber exports. As a result, drawings of export prepayments used to finance these exports have recently increased. These developments have, taken by themselves, tended to ease the financial markets. This is not desirable in the current cyclical situation. The rapid rise in export prices has, moreover, led to a rise in the prices of raw timber, and aggravated already strong inflationary pressures.

In these circumstances the Bank of Finland has deemed it necessary to limit the drawings of export prepayments and to introduce a system of compulsory deposits. Part of the prepayments are to be deposited on an interest-bearing account with the Bank of Finland. Funds thus deposited will be released as the export shipments concerned are made.

Inflow of long-term capital in January—June 1973. The net inflow of long-term loan capital [1]) was insignificant during the first half of the current year: it totalled only 76 million marks, whereas in January—June 1972 it had amounted to 1 170 million marks.

The deceleration in the growth of foreign debt is primarily a consequence of a decline in drawings of loans and partly a result of an increase in amortization payments. The drawings were smaller than in recent years, probably because the domestic supply of credits was adequate and interest rates rose in the international capital market.

Drawings of long-term foreign loans amounted to 743 million marks during the first half of 1973, and redemptions came to 667 million marks. At the end of June, Finnish long-term foreign debt amounted to 10 061 million marks.

Drawings of financial loans totalled 419 million marks, while redemptions amounted to 471 million marks. Thus net debt in this form declined by 52 million marks to 8 355 million marks at the end of June. During January—June no Finnish bond issues were floated abroad, and amortizations of outstanding bonds amounted to 69 million marks, so that bond debt was reduced to 2 610 million marks by the end of June. Redemptions of loans granted by the World Bank exceeded drawings by 24 million marks. No drawings were made on the loans granted by foreign governments, while redemptions of such loans amounted to 36 million marks. Drawings of other financial loans totalled 398 million marks, while redemptions came to 321 million marks. Total debt in the form of other financial loans thus increased by 77 million marks to 4 841 million marks.

Drawings of import credits amounted to 291 million marks, while redemptions totalled 188 million marks. Total import credit debt came to 1 548 million marks at the end of June. Drawings of loans granted to subsidiaries exceeded corresponding repayments by 25 million marks.

[1]) After adding drawings to the end-of-year total debt of 1972, valued at central rates, redemptions were then deducted. The exchange rate applied was the average selling rate of the month when the transaction was made.

Interest and other expenses on long-term foreign loans amounted to 293 million marks in January—June 1973. When amortization payments are included, total debt service costs amount to 974 million marks. In the corresponding period of 1972, debt service costs totalled 698 million marks.

Direct investment in January—June 1973. Capital flows related to direct investment, i.e. investment in shares, the repatriation of capital and loans to subsidiaries, have declined during the first half of the current year to about half the amount in the corresponding period of 1972. In January—June the net inflow of investment capital to Finland almost equalled the net outflow of capital. In 1972 the net outflow clearly exceeded the net inflow.

According to data on payments made, the net inflow of investment capital amounted to 33.1 million marks. The net inflow of investment capital in the form of own capital came to 8.4 million marks, while net drawings of loans by subsidiaries amounted to 24.7 million marks. In the corresponding period of 1972, the net inflow of investment capital totalled 67.3 million marks.

Of total foreign investment and lending, 28.9 million marks was invested in industrial enterprises, 2.2 million marks in sales and marketing enterprises and 2.0 million marks in other enterprises. About 19.7 million marks of investment inflows came from the EFTA region, 24.4 million marks from the nine EEC countries, whereas the repatriation of foreign capital invested by other countries in Finland exceeded the inflow of foreign capital by 11.0 million marks.

In all, 55 permits were granted to foreign firms for new investment in Finland.

According to data on payments made, Finnish direct investment in foreign countries amounted to 33.3 million marks during the first half of the current year. As the amount of new loans granted to Finnish subsidiaries abroad exceeded redemptions by 1.5 million marks, the total net outflow of investment capital came to 34.8 million marks. In 1972 it totalled 85.7 million marks.

Of total Finnish investment and lending, 30.0 million marks was invested in production, 4.6 million marks in sales and marketing enterprises and 0.2 million marks in other types of activities. The outflow of investment capital to the EFTA region amounted to 1.0 million marks; the outflow to the enlarged EEC came to 8.3 million marks and that to other countries, primarily to North America, totalled 25.5 million marks.

Finnish firms were granted 44 permits for new investment abroad.

The net outflow of investment capital thus exceeded the net inflow by 1.7 million marks during the first half of the current year. In the corresponding period of 1972, the net outflow of capital investment exceeded the net inflow by 18.4 million marks.

Gdansk convention. On September 13, 1973 seven countries bordering the Baltic, i.e., Denmark, Finland, the German Democratic Republic, the Federal Republic of Germany, Poland, Sweden and the Soviet Union, signed in Gdansk an agreement concerning fishing and the conservation of the living sources in the Baltic Sea and the Belts. On the basis of this Convention, an International Baltic Fishery Commission was established in Warsaw. The Commission is to monitor the living resources and the fisheries in the area, to work out proposals on the co-ordination of scientific research and to prepare and submit recommendations based on the results of the scientific research. The Commission is also to consider and make recommendations on measures for the regulation of fishing gear, fittings and fishing methods, for determining the size of fish that may be caught, exposed or offered for sale, for establishing closed seasons and areas, for improving and expanding the living marine resources through, i.a., artificial reproduction and the transplantation of fish and other forms of life, for regulating and allocating the total catch or fishing activities according to objects, species, regions and fishing seasons.

Energy production in Finland in the 1970s: investment, capital and imports required. Last spring the Energy Policy Commission released its report on the need for capital and imports for the production of energy in Finland during the 1970s. According to the report, investment totalling almost 14 000 million marks (at 1972 prices, cf. the table below) will be required for increasing the capacity of oil refineries and other energy-related establishments during the current decade. It is forecast that the average annual increase in total investment will be 7.2 per cent during 1973—1980, while annual growth in investment in power stations will be 11.2 per cent. It is estimated that total investment will grow by 82 million marks annually in 1970—1980. About 91 per cent (i.e. 75 million marks) of this will be invested in power plants. It should be noted that the figures presented here do not reflect the total need for capital for energy production in Finland, but only the need for capital for expanding establishments producing energy. Moreover the outlays required for environmental protection and regional policy have not been included in the estimates. Accordingly, only a part of the total need for capital for energy production in the 1970s is taken into account in these estimates.

The increase in production capacity which is planned for the first half of the 1970s will focus chiefly on conventional types of power. However, during the latter half of the decade the increase in energy production capacity will primarily rest on the construction of nuclear power stations. Investment costs per power unit are higher for nuclear power plants than for plants producing other types of heat energy. Almost two thirds of the total investment, i.e. 8 400 million marks, will be used for building four 1 000 MW nuclear power plants.

Even though the costs of setting up nuclear power plants are relatively high, the operating costs are lower than for conventional condensing power plants. The shift to nuclear power substantially reduces the need for importing and warehousing fuel. It is estimated that by speeding up the construction of nuclear power plants, the share in total imports of commodities required to supply the country's energy needs can be kept roughly at the present ten per cent level. For these reasons the construction of nuclear power plants has been deemed urgent.

It is forecast that total imports of fuel and electricity in the 1970s will amount to more

INVESTMENT NEEDED FOR THE PRODUCTION OF ENERGY IN 1970—1980 AND SOURCES OF FINANCE (AT 1972 PRICES) [1]

Needed investment by type of establishment

	Annual average 1970—1972 Mill. mk	Per cent	Annual average 1973—1980 Mill. mk	Per cent	Total Mill. mk	Per cent
Power plants	398	48	901	63	8 401	60
Oil refineries	181	22	219	15	2 293	16
District heating and industrial process power plants	200	24	200	14	2 200	16
Bumper stocks and warehoused oil	38	5	82	6	771	6
Natural gas plants and peat-, bogs, including production machinery	8	1	25	2	226	2
Total	825	100	1 427	100	13 891	100

Sources of finance

	Annual average 1970—1972 Mill. mk	Per cent	Annual average 1973—1980 Mill. mk	Per cent	Total Mill. mk	Per cent
Internal financing	162	19	199	14	2 077	15
Central government	113	14	319	22	2 891	21
investments	39	5	94	7	869	6
payable rights issues	32	4	50	3	493	4
loans	42	5	175	12	1 529	11
Other domestic sources	321	39	357	25	3 817	27
payable rights issues	5	1	37	3	313	2
loans	316	38	320	22	3 504	25
Foreign borrowing	229	28	552	39	5 106	37
Total	825	100	1 427	100	13 891	100

[1] Figures derived from the report of the Energy Policy Commission

than 21 000 million marks and that imports needed for investment in energy production will come to nearly 4 000 million marks. According to the Energy Policy Commission, this means that the import of energy, which totalled 1 800 million marks in 1972, would increase by 168 million marks annually. The import estimate should be considered relatively modest, since even at present it seems obvious that towards the end of the decade imports of electricity will exceed forecast levels. Moreover, it is likely that prices of crude oil and oil products will rise faster than the overall price level during the present decade.

It is estimated that annual investment in district heating plants and in industrial process power stations will remain unchanged in the 1970s. On the other hand, the Energy Policy Commission estimates that investment in oil refineries will increase slightly. Investments in natural gas plants will be made during 1972—1974, and the annual investment in peat production and in bumper stocks will remain almost unchanged.

The planned investments are of such a size that special attention must be paid to their financing. The Energy Policy Commission worked out the break-down of financing which is shown in the table on the basis of views presented by firms operating in the field of energy production. The relative share of domestic finance derived from sources other than the central government in total financing will decrease over the period 1973—1980. The relative shares of foreign sources of credit and central government credit are thus expected to rise substantially. Average annual foreign financing during 1973—1980 would be 300 million marks more than in the period 1970—1972 and would total more than 5 000 million marks so that one third of the total finance needed by the energy sector would come from abroad. The growth in the share of foreign financing will be caused more by investment in power plants than by investment in oil refineries, bumper stocks or natural gas plants. While investment in power plants will make up 76 per cent of total investment in the 1970s, about 87 per cent of foreign credits for investment in energy production will be used to build power plants.

Investments in the production of energy will boost the demand for the import of capital. According to the estimates of the Energy Policy Commission, the demand for foreign loans, merely for making new investments in energy production establishments, would on average amount to 550 million marks each year between 1973 and 1980. This substantially exceeds the corresponding average for 1970—1972. When the financing of these projects is being planned, increasing attention will be paid to price and tariff policy considerations, so that meeting the demand for foreign credits in the energy sector will not lead to an excessive rise in debt servicing. However it is not yet possible to make meaningful estimates of the extent to which the demand for foreign credits might be offset by savings in fuel imports resulting from the construction of nuclear power plants.

Revision of the volume index of industrial production. The industrial classification of the volume index of industrial production has been revised as from the basis year of 1970, in accordance with the Standard Industrial Classification (SIC) which is based on the 1968 revision of the International Standard Industrial Classification of All Economic Activities (ISIC) (see pages 16 and 18). The Central Statistical Office releases indices mainly at the three-digit level of classification. However, it is necessary to aggregate somewhat more when publishing data for some minor industrial categories which include only a few enterprises; in this way it is possible to guarantee confidential treatment of the data on private enterprises. The weights used for aggregating are based on the value of processing in 1970. The method of compiling data has in fact not been revised, so that, apart from a few major enterprises, the samples are almost the same as in 1959.

The new series are not comparable with the former series because the revision of the classification has changed the coverage. It is difficult to present fully reliable estimates of how great the changes have been since the breakdown of the revised classification is more detailed than that of the former. Moreover, the former classification included some industrial classes, which are now smaller or totally excluded. Furthermore, the nomenclature of the new classification is somewhat different from the former. Since the weights for the series have been changed, the coverage of the series which are classified according to usage is not fully identical with that of the former series.

In the revised classification repairs of motor vehicles, which were formerly included in the manufacture of transport equipment and thus also in the metal industry, have been entirely excluded from industry. The net value added in the manufacture of transport equipment (SIC 384) has fallen by about 25 per cent, that in the metal industry by about five per cent and that in total industry by about one per cent.

The series for the manufacture of petroleum, coal, rubber and plastic products (SIC 353-6) and for the manufacture of leather and products of leather (SIC 323-4) have been completely revised. Formerly the manufacture of rubber products was classed with the manufacture of leather and products of leather other than footwear, and the manufacture of footwear with the manufacture of wearing apparel and finished textile goods. The present net value added in the manufacture of wearing apparel other than footwear (SIC 322) is about 20 per cent lower than that for the former series and the net value added in the manufacture of leather and products of leather respectively is about 100 per cent higher than that for the former series.

There has been a sharp rise, i.e. about 25 per cent, in the net value added in the manufacture of wood, and wood and cork products (SIC 331-2), which includes, in addition to the wood industry, the manufacture of furniture and fixtures except those made primarily of metal and the manufacture of wooden structures, which formerly was separate category, i.e., the manufacture of furniture and fixtures. Compared with the former series, the net value added in the manufacture of industrial chemicals (SIC 351-2) has fallen by about three per cent. This is because the manufacture of vegetable and animal oils and fats has been included in food manufacturing (SIC 311-2). As a result of this addition and a few further additions which relate to beverage manufacturing, the net value added in food manufacturing has been raised by about ten per cent.

Publications of the Bank of Finland. The Bank of Finland Year Book for 1972 has been published in Finnish, Swedish and English. The first section reviews the Finnish economy in 1972. The following three sections deal with monetary policy, foreign exchange policy and the Bank of Finland statements. In the fifth section, Finland's relations with international financial institutions are treated.

Finnish Bond Issues 1972 has been published in an edition with text and explanatory notes in Finnish, Swedish and English. It contains a detailed description of the 48 loans issued in 1972, including the eleven which were denominated in foreign currency and floated abroad. In addition the introduction contains statistics on domestic and foreign bonds outstanding at the end of 1962—1972 and sales of domestic bonds in 1962—1972.

The fourth publication in the series Studies on Finland's Economic Growth has appeared: Heikki J. Kunnas, Metsätaloustuotanto Suomessa 1860—1965 (Forestry in Finland, 1860—1965), in Finnish with a summary, statistical tables and graphs in English, 1972, 192 pp.

The 1972 issue in Series A has appeared in Finnish. It contains the following articles: Finnish Export Performance in the 1960's — A Constant Market Share Analysis, by Tuomas Sukselainen; The Cyclical Adjustment of the Current Balance, by Timo Hämäläinen; Short-term Trade Credits and the Balance of Payments, by Timo Taivalaho; The Finnish Travel

Balance, by Kerstin Jonsson; Investment Reserves and Counter-cyclical Deposits as Tools of Counter-cyclical Policy, by Ilmo Pyyhtiä.

In Series D the following publications have appeared: D: 30 Hannu Halttunen, Tuotanto, hinnat ja tulot Suomen kansantalouden ekonometrisessa kokonaismallissa (Production, Prices and Incomes in a Complete Econometric Model of the Finnish Economy), in Finnish, 1972, 120 pp.; D: 31 Simo Lahtinen, Työn kysyntä Suomen kansantalouden ekonometrisessa mallissa (Demand for Labour in the Quarterly Model of the Finnish Economy), in Finnish with a summary in English, 1973, 171 pp.; D: 32 Mauri Jaakonaho, Suomen sähköenergian kokonaiskulutusta, ja sen ennakointia koskeva empiirinen tutkimus (An Empirical Study of the Consumption of Electricity in Finland), in Finnish, 1973, 144 pp.; D: 33 Esko Aurikko, Ulkomaankauppa Suomen kansantalouden ekonometrisessa kokonaismallissa (The Foreign Trade Block in the Quarterly Model of the Finnish Economy), in Finnish with a summary in English, 1973, 100 pp.

BANK OF FINLAND

Board of Management

Mauno Koivisto
Governor

A. Simonen
Deputy Governor

Ahti Karjalainen
Absent as a Member of Government

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä
ad int.

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Senior officials

Pertti Kukkonen
Director, ADP-planning

Pauli Kanerva
Administration

K. Ignatius
Personnel

Antti Lehtinen
Domestic Financial Operations

Helge Lindström
Credits and Securities

Kalle Koski
Capital Transfers

Kari Nars
Foreign Exchange Policy

Raili Nuortila
Eastern Trade

J. Ojala
Foreign Exchange Control

Kari Puumanen
Economics Dept., ad int.

Henri J. Vartiainen
Research Dept.

Stig Törnroth
Cash

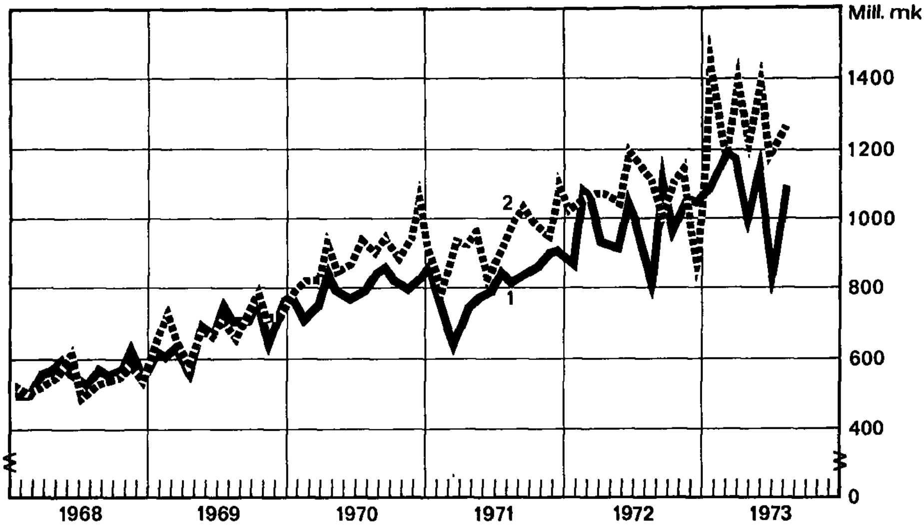
K. Eirola
Automatic Data Processing

A. Nenonen
Foreign Correspondence

Väinö Heiskanen
Banking Services

Eino Suomela
Internal Audit

Foreign trade, 1968 - 1973

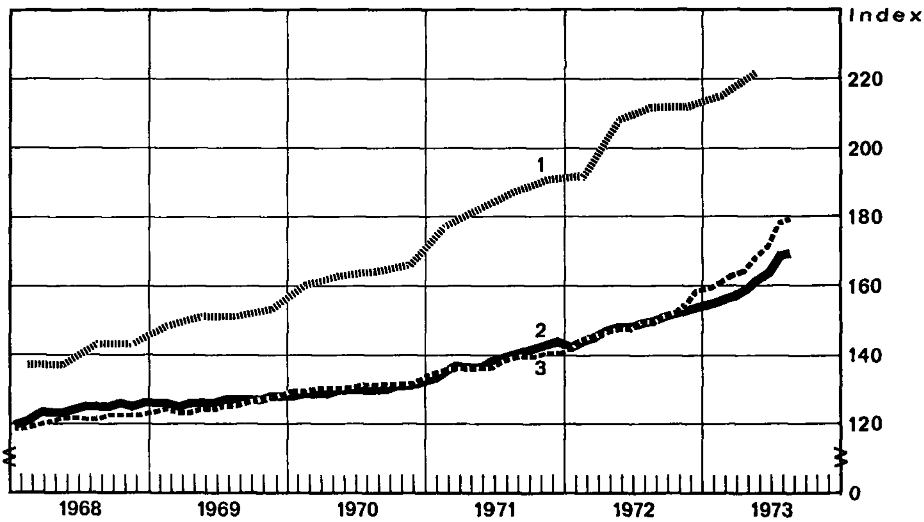


Exports f.o.b.

Imports c.i.f.

Seasonally adjusted monthly figures

Prices and wages, 1968 - 1973

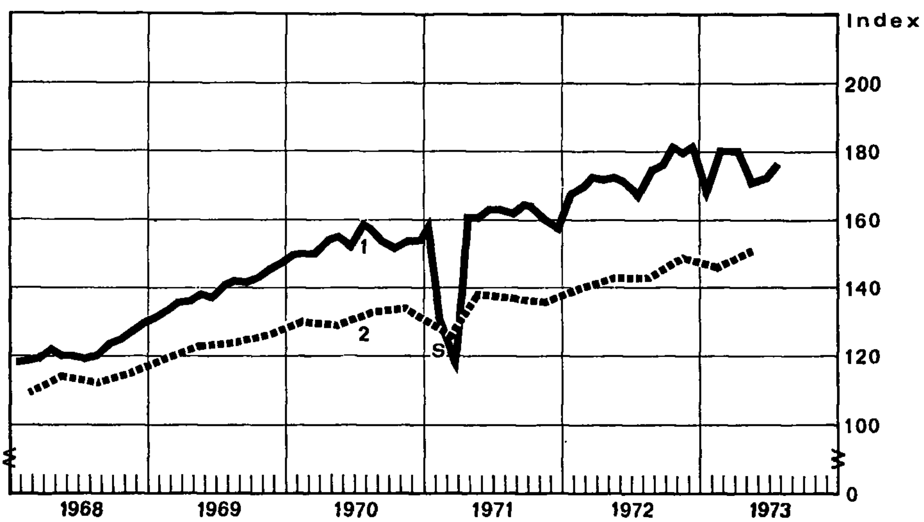


. Index of salary and wage earnings 1964 = 100, quarterly

. Cost of living index 1964 = 100, monthly

. Wholesale price index 1964 = 100, monthly

Production, 1968 - 1973



. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures

2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures