



BANK OF FINLAND

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STATEMENT BY THE ACTING GOVERNOR OF THE BANK OF FINLAND, DR. REINO ROSSI,
ON THE ISSUE OF THE PUBLICATION "ESTABLISHING IN FINLAND".

Finland has traditionally been a capital importing country and will probably remain so for some time. Out of domestic sources alone it will not be feasible to finance a level of investment requisite for maintaining a growth rate that would be sufficient to achieve the desired level of employment. At the present stage of development, it seems difficult to maintain our current account in equilibrium with a rate of expansion satisfactory from the growth policy point of view. For this reason also, a continued import of capital appears unavoidable. The bulk of capital imports has taken, and will certainly continue to take the form of foreign credits. It should be borne in mind, however, that the growth of our foreign indebtedness will gradually strain the balance of payments and the ability to service our debts, if this indebtedness should grow at a higher rate than our capacity to earn foreign exchange by means of investment financed by such borrowing.

For this and other reasons the Bank of Finland, which is the authority directly responsible for the balance of payments and the development of the foreign exchange reserves, has felt it necessary to control the conditions for and purposes of capital imports. As a general principle, the use of foreign loan capital has only been accepted

where directly or indirectly it can be expected to strengthen the balance of payments either by increasing our foreign exchange earnings or by diminishing import expenditure through domestic investment in import-saving production. Another important criterion is that the conditions of each credit such as maturity and costs are in correct proportion to the yields from the projects to be financed by this credit. Such a control of the terms and conditions of foreign loans is necessary also from the point of view of keeping in order the foreign market for Finnish bonds and other securities abroad.

In the fifties and the early years of this decade the import of long-term capital largely consisted of loans granted by the World Bank. However, measured by the yardstick of economic development, Finland clearly belongs to the developed countries. Thus the recent level of credit support from the World Bank will hardly be available for very far ahead. After the international bond markets were opened up for Finland a few years ago, it has been possible to direct our demand for long-term foreign capital largely to these markets. Even without con-

*On page 18, Finland's Balance of Payments
in 1967*

sidering the fact that the international capital markets have proved rather sensitive and susceptible to disturbances, it appears that our opportunities for contracting loans of this type are insufficient as compared with our total demand for capital imports.

Like other countries whose economies are based on the import of capital, also Finland has had to find other ways and means to satisfy its demand for foreign capital. The question now arises of the possibility of increasing foreign direct investment in our country, i.e. of attracting to Finland equity capital for industrial investment purposes. So far, the annual increase in investments of this type has represented a level so low that the use of the term "capital flow" would be misleading. During the sixties the increase in long-term loans raised abroad reached an annual average of about 530 million marks, whereas over the same period foreign direct investment in Finland did not exceed an annual rate of 17 million marks.

There are various reasons for this modest result, and some of them are no doubt permanent. On the map of Europe, Finland's location is remote from the big centres. Even if in the near future there is a sharp increase in East-West trade, which is a likelihood, it is not at all certain that Finland as one of the pioneers in this trade will have a more prominent role. The better and shorter communications of Central Europe will doubtless be a powerful factor influencing the considerations of where to place investments in this trade.

In any case, the progress of the European market integration, which in spite of all set-backs probably will continue, is likely to increase the pressure and the demand for

decisions to invest across frontiers. Despite our peripheral location, there are certain significant aspects speaking in our favour in this matter. In addition to an ample supply of skilled manpower — even by international standards — Finland can offer other advantages as well which may attract foreign enterprises looking for investment opportunities. In Finland we still have plenty of land and space, and real possibilities for implementing such industrial projects which in more crowded industrial countries can be realised only at great difficulty and high cost.

In accordance with the statement of principle in favour of foreign direct investments which was issued one year ago by the Finnish Government, the Bank of Finland together with the Commission for Foreign Investments has wanted for its own part to prepare the ground for a rise in foreign investment activity in this country. An important prerequisite for this purpose is the dissemination of sufficient basic information to potential investors. To this end the Bank of Finland has wanted to make its contribution towards the financing and compilation of such an informative brochure¹⁾ the first copies of which have been distributed here. On behalf of the Bank and on this important occasion I express the hope that this endeavour may meet the need which we know exists. On the other hand we know very well that the results which can be achieved by this type of information activity are by no means decisive even if, small though they may seem, they form a necessary condition for attaining the ultimate target.

¹⁾ The brochure is available in English (Establishing in Finland) and in Swedish (Etablering i Finland).

June 13, 1968

BANK OF FINLAND

Mill. mk

	1967		1968			
	Dec. 30	May 31	May 31	June 7	June 14	June 20
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	798.8	774.6	1 362.2	1 368.4	1 379.9	1 476.1
Gold	188.8	152.1	191.3	191.3	191.3	191.3
Foreign exchange	512.3	547.2	1 043.7	1 052.9	1 062.9	1 162.6
Foreign bills	72.5	55.0	81.1	78.1	79.6	76.1
Foreign bonds	25.2	20.3	46.1	46.1	46.1	46.1
<i>Supplementary note cover</i>	1 130.7	907.7	869.3	881.0	856.4	881.7
Inland bills discounted						
In foreign currency	122.5	37.7	35.8	31.8	31.8	31.8
In Finnish currency	140.7	95.8	131.8	129.7	133.3	138.4
Rediscounted bills	867.5	774.2	701.7	719.5	691.3	711.5
<i>Other assets</i>	707.7	520.0	582.0	562.4	565.2	531.0
Finnish bonds	370.5	362.3	362.9	324.6	353.7	314.7
Cheque accounts	4.0	4.6	7.4	5.4	1.9	5.8
Finnish coin	12.3	15.3	18.7	18.3	18.5	17.3
Other claims	320.9	137.8	193.0	214.1	191.1	193.2
Total	2 637.2	2 202.3	2 813.5	2 811.8	2 801.5	2 888.8
Liabilities						
<i>Notes in circulation</i>	1 052.1	1 010.6	1 035.7	1 029.2	1 034.2	1 095.3
<i>Liabilities payable on demand</i>	139.6	166.9	107.0	104.9	106.3	140.0
Foreign exchange accounts	74.7	60.7	81.5	79.7	80.8	89.4
Mark accounts of holders abroad	14.1	13.0	10.4	10.3	10.3	10.3
Cheque accounts						
Treasury	4.4	4.9	0.7	0.3	0.1	20.6
Post Office Savings Bank	17.2	49.7	0.1	1.0	0.4	7.6
Private banks	9.8	16.3	—	—	0.8	—
Other	1.8	1.3	2.4	2.3	2.1	1.4
Other sight liabilities	17.6	21.0	11.9	11.3	11.8	10.7
<i>Term liabilities</i>	553.1	328.8	804.4	806.3	809.8	803.4
Foreign	339.5	158.9	335.9	332.6	332.6	332.6
Finnish	213.6	169.9	468.5	473.7	477.2	470.8
<i>Equalization accounts</i>	422.0	237.3	378.0	381.9	381.5	379.0
<i>Bank's own funds</i>	470.4	458.7	488.4	489.5	469.7	471.1
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	129.5	129.5	150.0	150.0	150.0	150.0
Profits undisposed	—	16.9	20.4	20.4	—	—
Earnings less expenses	40.9	12.3	18.0	19.1	19.7	21.1
Total	2 637.2	2 202.3	2 813.5	2 811.8	2 801.5	2 888.8
STATEMENT OF NOTE ISSUE						
Right of note issue						
Ordinary cover	798.8	774.6	1 362.2	1 368.4	1 379.9	1 476.1
Supplementary cover						
(Upper limit 500 mill. mk; since Nov. 30, 1966, 700 mill. mk)	700.0	700.0	700.0	700.0	700.0	700.0
Total	1 498.8	1 474.6	2 062.2	2 068.4	2 079.9	2 176.1
Note issue						
Notes in circulation	1 052.1	1 010.6	1 035.7	1 029.2	1 034.2	1 095.3
Liabilities payable on demand	139.6	166.9	107.0	104.9	106.3	140.0
Undrawn on cheque credits	3.1	2.4	3.9	2.9	5.5	5.5
Unused right of note issue	304.0	294.7	915.6	931.4	933.9	935.3
Total	1 498.8	1 474.6	2 062.2	2 068.4	2 079.9	2 176.1

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

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
1961	691.5	13.4	678.1	87.5	128.4	637.2	27.7	5.9	1.1	32.5
1962	637.7	17.1	620.6	67.7	114.9	573.4	—	28.9	5.5	23.4
1963	752.2	18.2	734.0	65.6	100.5	699.1	—	18.9	0.2	18.7
1964	973.4	84.7	888.7	76.3	82.8	882.2	—	8.9	5.4	3.5
1965	860.9	44.8	816.1	83.8	56.5	843.4	—	1.1	1.1	— 2.2
1966	555.9	61.2	494.7	81.3	100.8	475.2	11.5	1.1	39.8	— 29.4
1967	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	— 10.9
1967										
April	714.6	60.8	653.8	79.5	171.9	561.4	8.3	1.1	1.3	5.9
May	699.3	60.7	638.6	75.3	171.9	542.0	8.3	1.1	4.9	2.3
June	700.6	50.8	649.8	75.2	217.5	507.5	8.3	1.1	2.3	4.9
July	772.0	51.0	721.0	77.8	217.4	581.4	8.3	1.1	4.9	2.3
Aug.	736.9	49.1	687.8	76.7	217.8	546.7	8.3	1.1	23.6	— 16.4
Sept.	780.6	53.6	727.0	77.9	293.5	511.4	8.3	1.1	1.0	6.2
Oct. ¹⁾	984.0	64.5	919.5	106.3	377.3	648.5	8.3	1.3	10.6	— 3.6
Nov.	878.6	71.9	806.7	106.8	357.4	556.1	8.3	2.3	18.4	— 12.4
Dec.	701.1	74.7	626.4	97.7	353.6	370.5	8.3	14.8	4.4	— 10.9
1968										
Jan.	811.2	67.8	743.4	98.6	350.5	491.5	4.1	63.6	0.3	— 59.8
Feb.	996.4	66.1	930.3	98.5	349.3	679.5	4.1	118.2	2.7	— 116.8
March	1 095.4	67.9	1 027.5	101.4	349.5	779.4	4.1	164.4	5.0	— 165.3
April	1 193.6	73.4	1 120.2	127.3	347.2	900.3	4.1	201.4	3.0	— 200.3
May	1 235.0	81.5	1 153.5	127.2	346.3	934.4	4.1	249.7	0.7	— 246.3

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 30, 1967			Net holdings May 31, 1968			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	May	Jan. - May
Gold	189	—	189	191	—	191	— 1	+ 2
Convertible currencies	458	—295	163	884	—395	489	+ 56	+326
Other currencies	— 21	—1	— 22	78	5	83	— 1	+105
Total	626	—296	330	1 153	—390	763	+ 54	+433

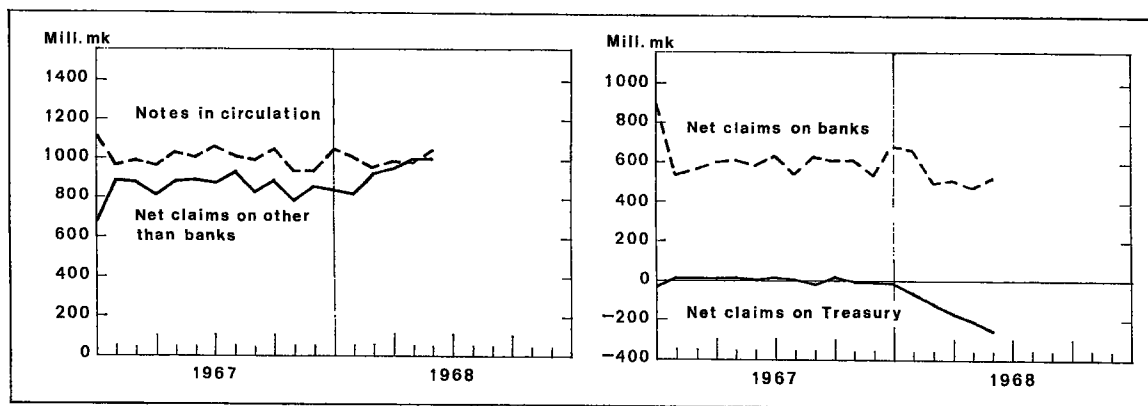
¹⁾ Subsequent figures are affected by the change in the par value of the mark from 0.27771 grams of fine gold per mark (equivalent to 3.20 marks per U.S. dollar) to 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar), effective Oct. 12, 1967.

BANK OF FINLAND

Mill. mk

End of year and month	Finnish credit institutions					Other				Notes in circulation
	Redis-counted bills	Liabilities, Cheque accounts			Net claims on the banks (1-2-3-4)	Inland bills in Finnish currency	Other advances	Liabilities	Net claims on the rest of economy (6+7-8)	
		Private banks ¹⁾	Post Office Savings Bank ¹⁾	Mortgage Bank of Finland Oy						
	1	2	3	4	5	6	7	8	9	10
1961	294.6	44.7	4.4	12.5	233.0	70.8	107.3	2.9	175.2	837.1
1962	401.2	— 4.0	53.3	0.8	351.1	33.5	99.6	4.1	129.0	774.4
1963	325.3	1.3	3.0	1.2	319.8	57.2	94.4	1.7	149.9	943.7
1964	448.4	16.4	49.6	0.6	381.8	67.1	103.0	1.6	168.5	1 002.7
1965	640.6	11.9	8.3	0.2	620.2	26.0	121.9	31.6	116.3	1 028.5
1966	915.2	13.8	17.3	— 1.3	885.4	112.2	152.9	73.2	191.9	1 106.2
1967	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1967										
April	753.2	115.6	28.8	— 1.3	610.1	107.9	155.7	60.0	203.6	1 033.5
May	774.2	120.7	75.6	— 5.0	582.9	95.8	166.8	60.8	201.8	1 010.6
June	775.1	125.4	22.7	— 1.3	628.3	82.3	203.8	58.5	227.6	1 062.1
July	761.6	79.2	143.8	+ 0.0	538.6	85.3	214.9	55.1	245.1	1 019.8
Aug.	772.6	93.7	54.2	0.1	624.6	85.1	216.8	55.5	246.4	1 000.9
Sept.	749.4	116.4	18.7	+ 0.0	614.3	97.6	214.3	58.8	253.1	1 047.9
Oct.	750.0	103.0	33.0	+ 0.0	614.0	109.2	226.8	57.5	278.5	938.6
Nov.	780.2	170.9	69.1	0.2	540.0	113.9	295.5	51.8	357.6	937.9
Dec.	867.5	154.7	34.5	+ 0.0	678.3	140.7	439.1	56.0	523.8	1 052.1
1968										
Jan.	833.9	153.9	19.5	0.1	660.4	149.3	362.3	49.8	461.8	1 010.3
Feb.	682.9	163.8	18.4	0.1	500.6	136.5	283.6	49.1	371.0	956.6
March	697.0	167.4	21.2	0.2	508.2	137.3	258.5	48.6	347.2	979.1
April	653.4	156.3	19.6	+ 0.0	477.5	141.0	229.0	49.9	320.1	990.1
May	701.7	160.8	17.4	0.3	523.2	131.8	228.3	50.9	309.2	1 035.7

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



DEPOSITS BY THE PUBLIC — FOREIGN EXCHANGE RATES

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. credit societies & their cen- tral bank	Post Office Savings Bank	Savings depart- ments of co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1958	395.7	495.8	167.7	1 222.6	1 312.6	742.7	381.7	191.9	3 851.8	4 515.3
1959	557.5	678.1	140.9	1 505.5	1 525.5	860.3	431.2	219.1	4 541.9	5 360.9
1960	550.8	680.7	135.9	1 813.6	1 768.6	1 052.5	485.2	254.3	5 404.5	6 221.1
1961	577.9	720.8	143.8	2 105.9	2 079.6	1 241.0	558.2	285.3	6 270.3	7 134.9
1962	649.0	800.8	168.5	2 270.4	2 210.8	1 325.5	606.6	293.2	6 706.7	7 676.0
1963	715.3	876.0	250.3	2 441.0	2 336.6	1 448.0	648.5	310.7	7 185.0	8 311.3
1964	683.3	855.4	296.5	2 816.7	2 614.7	1 681.4	713.8	331.4	8 158.2	9 310.1
1965	665.7	843.7	309.4	3 160.1	2 954.4	1 953.5	773.2	357.2	9 198.6	10 351.7
1966	625.5	849.4	318.0	3 637.2	3 329.9	2 225.8	863.6	380.7	10 437.3	11 604.7
1967*	649.8	833.8	340.9	4 080.8	3 652.5	2 437.7	941.2	431.3	11 543.7	12 718.4
1967*										
April	559.8	731.8	351.6	3 758.3	3 466.1	2 323.7	908.0	394.2	10 850.5	11 933.9
May	596.1	777.8	337.6	3 782.6	3 596.1	2 348.4	908.3	392.1	10 928.7	12 044.1
June	548.1	720.5	361.6	3 766.3	3 463.5	2 306.2	906.1	387.2	10 829.5	11 911.6
July	581.9	755.5	316.5	3 775.0	3 464.2	2 316.0	908.5	386.0	10 849.9	11 921.9
Aug.	601.9	789.1	295.9	3 808.2	3 491.9	2 328.2	910.3	385.4	10 924.2	12 009.2
Sept.	572.2	763.1	286.2	3 821.0	3 520.7	2 348.8	914.4	393.2	10 998.2	12 047.5
Oct.	708.3	910.9	312.4	3 857.1	3 522.3	2 350.2	909.9	395.9	11 035.6	12 258.9
Nov.	663.0	850.5	310.9	3 879.2	3 543.0	2 354.7	912.2	398.5	11 087.8	12 249.2
Dec.	649.8	833.8	340.9	4 080.8	3 652.5	2 437.7	941.2	431.3	11 543.7	12 718.4
1968*										
Jan.	622.3	788.2	444.8	4 049.8	3 645.9	2 432.7	954.9	422.7	11 506.3	12 739.3
Feb.	672.5	841.1	407.1	4 148.5	3 704.1	2 475.8	967.4	421.8	11 717.9	12 966.1
March	664.0	837.9	353.5	4 167.7	3 736.9	2 498.4	978.0	421.1	11 802.3	12 993.7
April	674.9	852.2	454.4	4 209.9	3 750.5	2 525.0	979.0	420.9	11 885.5	13 192.1
May	697.3	890.9	403.6	4 212.2	3 758.5	2 520.6	972.0	417.5	11 881.0	13 175.5

End of month	Index-tied deposits		High-interest deposits
	100 % clause	50 % clause	
1967*			
July	2 891.9	0.2	711.1
Aug.	2 961.7	—	699.2
Sept.	3 049.4	—	687.2
Oct.	3 529.1	—	680.0
Nov.	3 745.1	—	645.1
Dec.	4 001.2	—	612.3
1968*			
Jan.	4 272.0	—	561.9
Feb.	4 409.0	—	525.3
March	4 458.0	—	545.4
April	4 294.1	—	695.3
May	3 909.7	—	973.8

Selling rates for foreign exchange			
June 24, 1968			
		mk	mk
New York 1 \$	4.1870	Zurich 100 Fr	97.30
Montreal 1 \$	3.8900	Paris 100 FF	84.21
London 1 £	9.9850	Rome 100 Lit	0.6720
Stockholm .. 100 Kr	80.98	Vienna 100 S	16.22
Oslo 100 Kr	58.63	Lisbon 100 Esc	14.64
Copenhagen .. 100 Kr	55.99	Reykjavik 100 Kr	7.35
Frankfurt o. M. 100 DM	104.80	Madrid 100 Pta	6.02
Amsterdam .. 100 Fl	115.60	Moscow, clear. 1) 1 Rbl	4.6799
Brussels 100 Fr	8.3950	Clearing dollars 2) 1 Cl \$	4.212

1) Also Bucharest.

2) Berlin, Budapest, Prague, Sofia, Warsaw.

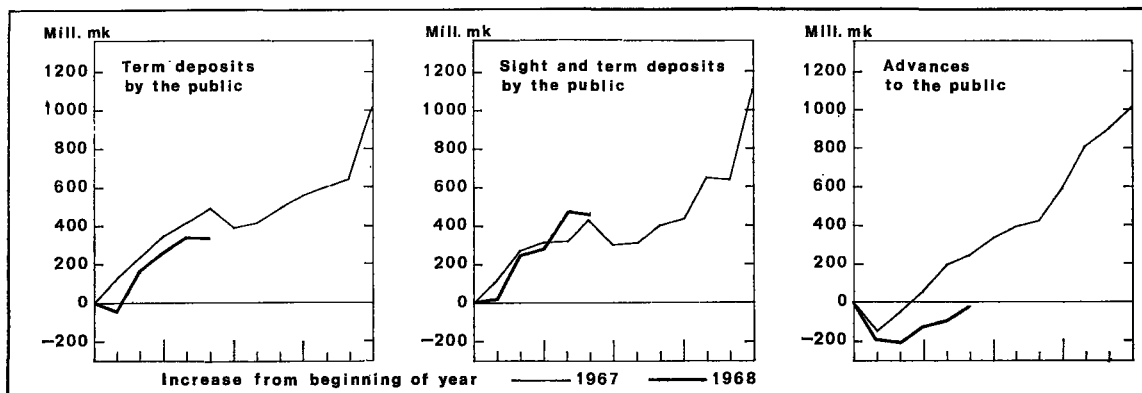
ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Post Office Savings Bank	Co-op. credit societies & their central bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1958	1 745.4	1 154.8	290.3	835.1	219.3	4 011.5	233.4	4 244.9	1 302.3
1959	2 096.9	1 327.2	331.4	967.3	325.8	4 772.7	275.9	5 048.6	1 448.4
1960	2 604.6	1 549.3	395.0	1 176.0	452.2	5 861.9	315.2	6 177.1	1 494.6
1961	3 048.0	1 817.6	436.8	1 462.7	515.2	6 928.2	352.1	7 280.3	1 646.1
1962	3 299.9	2 018.5	508.7	1 600.6	614.7	7 680.8	361.6	8 042.4	1 722.5
1963	3 472.5	2 134.5	544.0	1 757.7	664.3	8 226.2	346.8	8 573.0	1 986.5
1964	3 916.4	2 318.0	607.7	2 057.5	829.4	9 320.5	408.5	9 729.0	2 042.5
1965	4 279.6	2 609.2	716.5	2 348.4	899.4	10 439.6	413.5	10 853.1	2 085.0
1966	4 867.7	2 951.4	783.9	2 598.7	908.8	11 630.7	479.8	12 110.5	2 213.7
1967*	5 203.7	3 247.0	869.0	2 778.4	1 026.9	12 598.1	526.9	13 125.0	2 183.0
1967*									
April	4 912.3	3 011.0	830.0	2 616.2	926.2	11 766.6	529.1	12 295.7	2 084.7
May	4 920.4	3 044.2	825.7	2 633.5	928.7	11 846.7	505.8	12 352.5	2 080.8
June	5 014.7	3 063.0	832.8	2 601.5	924.4	11 882.8	553.6	12 436.4	2 105.1
July	5 028.9	3 092.9	838.8	2 614.8	924.7	11 970.8	529.3	12 500.1	2 035.9
Aug.	5 012.4	3 121.5	851.9	2 636.4	921.0	12 031.8	511.4	12 543.2	2 039.5
Sept.	5 083.9	3 163.3	860.6	2 677.0	918.2	12 150.6	552.4	12 703.0	2 016.1
Oct. ¹⁾	5 073.5	3 206.2	859.6	2 740.9	1 043.8	12 443.0	481.0	12 924.0	2 075.6
Nov.	5 114.3	3 238.7	861.0	2 764.8	1 033.6	12 504.5	507.9	13 012.4	2 059.7
Dec.	5 203.7	3 247.0	869.0	2 778.4	1 026.9	12 598.1	526.9	13 125.0	2 183.0
1968*									
Jan.	5 140.2	3 242.5	876.0	2 648.7	1 026.1	12 437.6	495.9	12 933.5	2 201.7
Feb.	5 130.9	3 242.3	890.8	2 632.7 ²⁾	1 019.0	12 413.6	502.1	12 915.7	2 173.7
March	5 201.6	3 241.8	903.8	2 629.7	1 017.3	12 441.3	552.9	12 994.2	2 150.2
April	5 198.9	3 261.1	914.8	2 645.4	1 006.3	12 528.7	497.8	13 026.5	2 274.4
May	5 235.3	3 287.3	915.5	2 661.0	1 004.5	12 610.5	493.1	13 103.6	2 267.0

¹⁾ See footnote on page 4.

²⁾ New series.



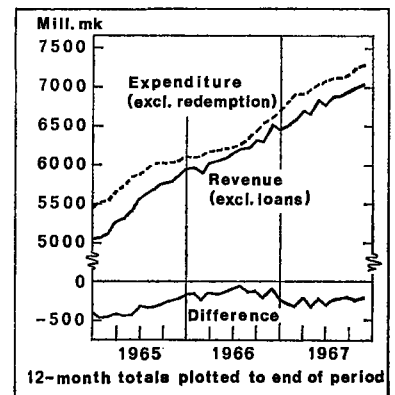
STATE FINANCES

Mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.	
	1966	1967		1966	1967
Income and property tax (net)	1 632	1 817	Interest on State debt	161	195
Gross receipts	(3 812)	(4 374)	Child allowances	299	309
Refunds and communal income tax	(-2 180)	(-2 557)	The State's share in national pensions	251	278
Other direct taxes	31	33	The State's share in national health insurance	57	43
Sales tax	1 278	1 497	Compensations to war-disabled	135	148
Import duties	466	431	Subsidies	546	556
Revenue from Alcohol Monopoly ..	434	477	Net payments of price equalization	54	70
Excise duty on tobacco	339	396	State aid to agriculture	53	40
Excise duty on liquid fuel	407	438	State aid to communal and private schools	499	574
Other excise duties	96	133	Net loss of State enterprises	67	74
Tax on automobiles and motor cycles	157	165	Maintenance of roads	154	163
Tax on motor vehicles	47	54	Other current expenditure	2 153	..
Stamp duties	156	163	Current expenditure	4 429	..
Employers' payments for child allowances	402	435	Real investments ¹⁾	1 036	1 003
Other revenue similar to taxes	81	92	Other capital expenditure	617	..
Total taxes	5 526	6 131	Capital expenditure	1 653	..
Interest and dividends	90	105	Total expenditure	6 082	6 656
Other current revenue	242	230	Redemption of external loans	81	60
Current revenue	5 858	6 466	Redemption of internal loans	287	395
Capital revenue proper	144	152	Redemption of indemnity bonds etc.	1	1
Decrease in inventories	39	11	Index premiums	15	16
Capital revenue	183	163	Redemptions	384	472
Total revenue	6 041	6 629	Total	6 466	7 128
External loans	70	149			
Internal loans	607	425			
Loans	677	574			
Short-term credit (increase +) ..	-314	-6			
Deficit (+) or surplus (-)	+ 62	-69			
Total	6 466	7 128			

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

Debt	1966	1967	1968				
	Dec.	Dec.*	Jan.	Feb.	March	April	May*
External debt	1 337	1 844	1 845	1 839	1 820	1 820	1 828
Ordinary loans	1 980	2 016	1 970	1 969	1 962	1 928	2 020
Indemnity bonds etc.	93	2	2	2	2	2	2
Short-term credit ..	95	146	130	116	171	161	160
Cash debt (net)	-119	-56	57	184	-51	95	..
Internal debt	2 049	2 108	2 159	2 271	2 084	2 186	..
Total debt	3 386	3 952	4 004	4 110	3 904	4 006	..
Total debt, mill. \$	1 050	940	953	980	932	956	..



BALANCE OF PAYMENTS

Mill. mk

Period	Exports f.o.b.	Imports c.i.f.	Trade balance	Transportation, net	Travel, net	Other services, net	Balance of goods and services	Investment income, net	Transfer payments, net	Balance of current transactions
1962	3 515	3 948	-433	+201	-112	+ 71	-273	- 47	+ 5	-315
1963	3 658	3 878	-220	+220	-100	+ 74	- 26	- 70	+ 6	- 90
1964	4 109	4 831	-722	+306	-115	+ 42	-489	-101	+ 3	-587
1965	4 542	5 287	-745	+318	-108	+ 21	-514	-131	+ 15	-630
1966	4 784	5 542	-758	+326	- 96	+ 12	-516	-150	+ 3	-663
1967	5 194	5 816	-622	+385	- 88	+ 17	-308	-209	- 3	-520
Jan.-Mar.										
1966	879	1 247	-368	+ 66	- 23	+ 10	-315	- 38	+ 0	-353
1967	1 088	1 347	-259	+ 91	- 24	- 2	-194	- 57	- 1	-252
1968	1 385	1 515	-130	+ 95	- 16	+ 7	- 44	- 58	+ 1	-101
Apr.-June										
1966	1 247	1 397	-150	+108	- 31	- 8	- 81	- 36	- 2	-119
1967	1 242	1 398	-156	+ 90	- 34	+ 6	- 94	- 39	+ 1	-132
July-Sept.										
1966	1 275	1 359	- 84	+ 67	- 17	+ 1	- 33	- 40	+ 2	- 71
1967	1 241	1 256	- 15	+107	- 18	- 3	+ 71	- 63	+ 3	+ 11
Oct.-Dec.										
1966	1 383	1 539	-156	+ 85	- 25	+ 9	- 87	- 36	+ 3	-120
1967	1 623	1 815	-192	+ 97	- 12	+ 16	- 91	- 50	- 6	-147

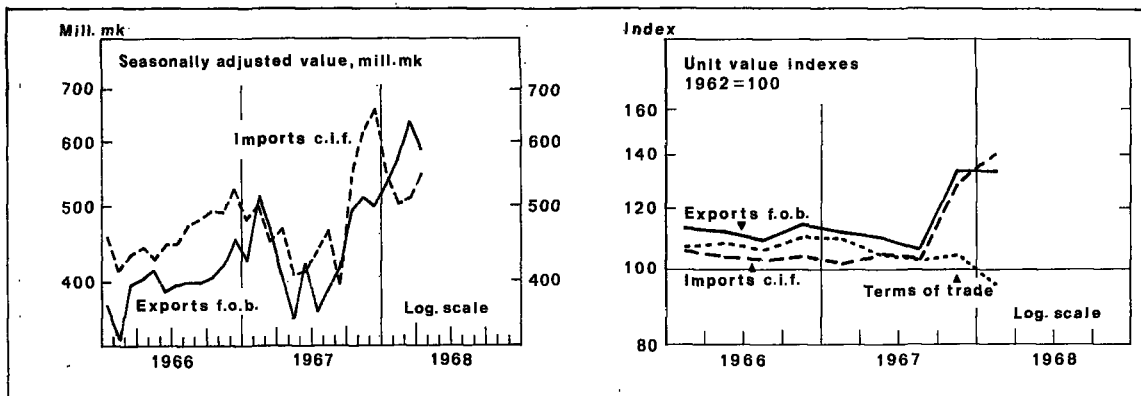
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1962	+271	-134	..	- 9	-187	- 74	- 43	+261	- 43	+ 43	..
1963	+513	-164	..	- 23	+236	-109	- 22	+ 7	+112	-112	..
1964	+762	-228	- 31	- 11	- 95	+112	+ 55	+107	+179	-179	..
1965	+434	-273	- 66	+ 3	-532	+146	+ 34	+ 69	-283	+202	+ 81
1966	+518	-271	- 61	- 32	-509	+ 53	-114	+215	-355	+321	+ 34
1967	+910	-406	- 33	+ 13	- 36	-112	- 56	+ 96	-108	+ 84	+ 24
Jan.-Mar.											
1966	+ 89	- 60	+ 2	- 15	-337	+ 43	+243	+ 18	- 33	+ 38	- 5
1967	+192	- 66	+ 12	+ 5	-109	- 48	+ 85	+ 81	+ 9	- 50	+ 41
1968	+214	-140	- 54	+ 4	- 77	+168	+191	+ 32	+314	-401	+ 87
Apr.-June											
1966	+116	- 52	- 36	+ 3	- 88	+ 19	-114	+ 69	-114	+121	- 7
1967	+315	- 62	+ 2	+ 4	+127	+ 44	+ 71	-162	+ 80	-105	+ 25
July-Sept.											
1966	+111	- 67	- 9	+ 20	- 16	- 3	-121	+ 49	- 91	+ 45	+ 46
1967	+251	- 92	- 13	+ 4	+161	- 95	- 53	+ 45	+ 58	- 77	+ 19
Oct.-Dec.											
1966	+202	- 92	- 18	- 40	- 68	- 6	-122	+ 79	-117	+117	± 0
1967	+152	-186	- 34	+ 0	-215	- 13	-159	+132	-255	+316	- 61

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

¹⁾ Including Direct investment net.

FOREIGN TRADE

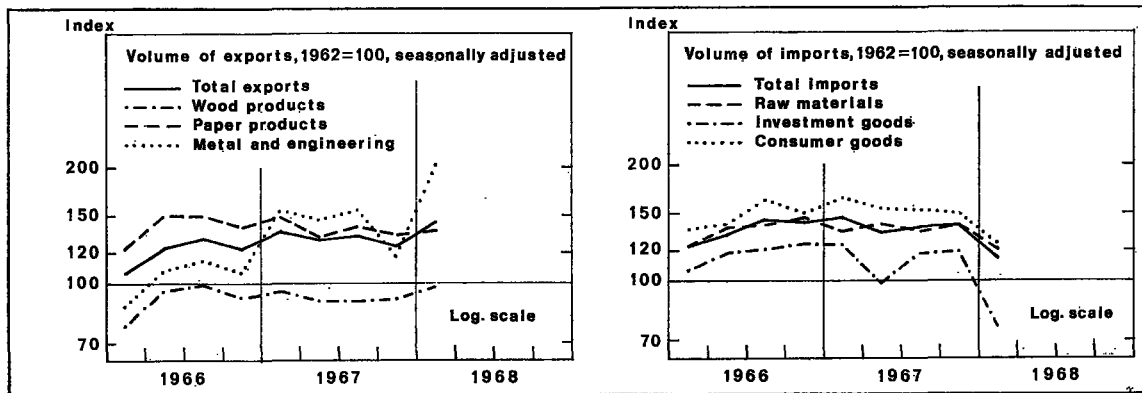
Period	Value mill. mk			Unit value indexes 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products		
1963	3 678.0	3 866.9	-188.9	102	96	104	100	105	101	101
1964	4 131.9	4 816.5	-684.6	108	109	111	104	113	103	105
1965	4 566.0	5 265.1	-699.1	113	115	123	106	119	104	109
1966	4 816.9	5 524.4	-707.5	112	112	122	105	119	104	108
1967*	5 230.3	5 794.4	-564.1	115	114	124	111	117	110	105
Jan.-April										
1966	1 251.7	1 685.6	-433.9							
1967*	1 484.9	1 832.2	-347.3							
1968*	1 951.0	2 066.0	-115.0							
1967*										
April	397.4	487.3	- 89.9	110	108	118	106	111	105	105
May	404.4	481.9	- 77.5							
June	457.5	421.8	+ 35.7							
July	372.8	400.7	- 27.9	106	108	118	105	94	103	103
Aug.	411.3	430.7	- 19.4							
Sept.	465.6	420.3	+ 45.3							
Oct.	561.6	541.5	+ 20.1	133	133	140	127	141	128	104
Nov.	529.9	615.8	- 85.9							
Dec.	542.3	649.3	-107.0							
1968*				133	137	138	130	132	140	95
Jan.	458.6	534.3	- 75.7							
Feb.	399.0	465.4	- 66.4							
March	536.7	510.0	+ 26.7							
April	556.7	556.3	+ 0.4							



FOREIGN TRADE BY MAIN GROUPS

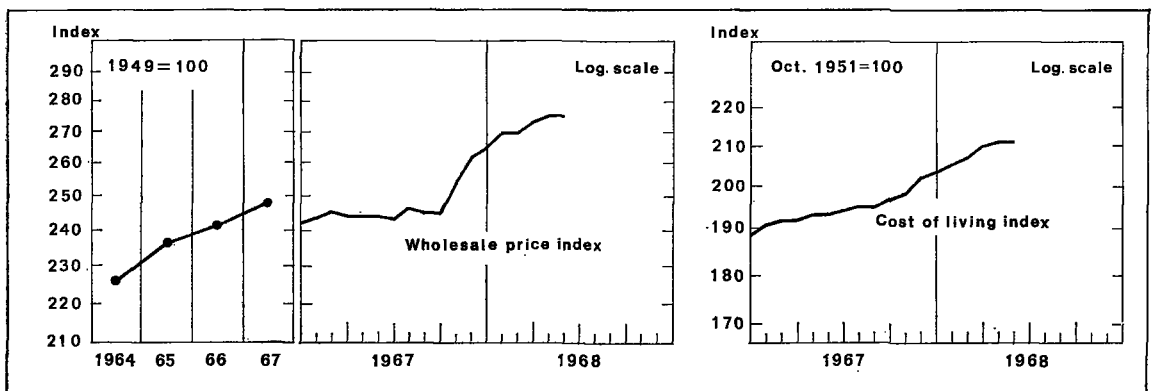
Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri-cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, en-gineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1963	164.8	112.8	811.8	1 752.2	613.8	222.6	1 827.5	373.3	1 004.3	661.8
1964	230.4	89.8	895.8	2 019.5	610.3	286.1	2 110.7	508.4	1 396.2	801.2
1965	251.8	60.3	919.8	2 165.6	800.3	368.2	2 362.4	514.7	1 511.4	876.6
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967*	261.4	54.3	865.7	2 384.5	1 079.7	584.7	2 545.9	668.2	1 462.8	1 117.5
Jan.-April										
1966	98.4	7.7	160.5	693.1	185.0	107.0	732.6	155.5	462.0	335.5
1967*	88.1	13.4	191.9	755.2	284.2	152.1	759.6	196.9	499.2	376.5
1968*	109.2	11.4	255.1	929.9	429.6	215.8	908.1	277.3	449.5	431.1
1967*										
April	30.9	5.8	56.9	187.1	72.1	44.6	203.1	54.6	128.7	100.9
May	15.0	5.2	71.6	190.0	78.1	44.5	212.2	49.0	129.7	91.0
June	24.6	5.0	85.6	175.7	118.5	48.1	184.6	46.3	120.6	70.3
July	12.6	5.2	85.2	177.9	61.4	30.5	181.6	47.8	105.1	66.2
Aug.	14.4	7.9	88.1	189.1	58.7	53.1	203.6	53.1	88.8	85.2
Sept.	19.7	4.9	76.5	194.5	112.1	57.9	194.1	51.8	94.6	79.8
Oct.	25.4	5.5	91.5	228.0	137.6	73.6	252.7	61.3	119.2	108.3
Nov.	19.5	4.1	96.3	231.1	120.2	58.7	289.0	86.1	119.0	121.7
Dec.	42.0	3.1	79.0	243.0	108.9	66.3	268.3	75.9	186.8	118.3
1968*										
Jan.	28.8	4.0	66.2	205.4	105.7	48.5	236.1	96.0	103.4	98.8
Feb.	13.5	1.1	41.7	201.7	91.4	49.6	205.2	54.3	100.4	105.5
March	48.6	2.6	55.9	251.5	113.6	64.5	220.4	61.3	118.6	109.7
April	18.3	3.7	91.3	271.3	118.9	53.2	246.4	65.7	127.1	117.1



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f.o.b.					Imports, c.i.f.				
	Whole year		Jan.-April			Whole year		Jan.-April		
	1966	1967*	1967*	1968*		1966	1967*	1967*	1968*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.6	22.8	21.7	22.9	447.1	16.6	15.8	16.5	14.9	308.6
United Kingdom	20.5	20.9	19.6	20.6	402.2	16.1	15.2	15.9	14.4	297.8
Other OECD countries										
in Europe	46.7	44.0	44.4	47.4	924.5	53.8	53.9	55.5	54.4	1 124.5
Austria	0.4	0.5	0.5	0.4	8.5	0.9	1.0	1.0	1.1	22.8
Belgium-Luxembourg	3.1	2.6	2.2	2.1	41.3	1.9	2.0	1.8	2.1	42.5
Denmark	3.5	3.8	3.7	3.6	71.0	3.5	3.3	3.2	3.7	76.0
France	4.5	4.3	4.6	4.2	82.3	4.3	3.7	4.6	3.4	71.1
Western Germany	11.0	8.6	8.9	9.8	191.1	17.0	16.2	17.2	15.5	321.9
Italy	3.0	3.1	3.3	2.9	56.6	2.0	2.0	2.3	2.4	48.7
Netherlands	5.8	5.1	5.2	4.5	88.0	3.6	3.8	3.6	3.2	67.1
Norway	1.9	2.4	1.9	4.0	77.2	2.1	2.3	2.0	2.4	48.8
Portugal	0.4	0.2	0.3	0.3	5.2	0.3	0.4	0.5	0.5	10.8
Spain	1.2	1.0	1.2	0.7	14.6	0.4	0.4	0.6	0.5	10.0
Sweden	8.8	9.7	9.6	11.4	221.6	14.1	15.4	15.2	15.9	327.9
Switzerland	0.9	1.0	1.1	1.5	28.3	3.1	3.0	3.1	3.3	68.6
Eastern Bloc	18.7	21.2	21.5	17.4	341.0	19.8	20.4	18.6	21.5	445.2
China	0.6	0.8	0.2	0.2	3.9	0.5	0.6	0.7	0.4	8.1
Czechoslovakia	0.8	0.5	0.4	0.4	8.1	0.6	0.6	0.7	0.7	15.6
Eastern Germany	1.0	0.7	0.7	0.7	12.9	0.9	0.9	0.7	0.8	16.4
Poland	1.4	1.3	1.2	0.8	16.7	1.6	1.5	1.1	1.0	21.0
Soviet Union	14.1	17.1	18.1	14.6	285.3	15.5	16.1	14.8	17.9	370.6
U.S. and Canada	6.6	6.0	6.3	6.7	130.3	4.9	4.2	4.7	3.9	79.6
United States	6.4	5.8	6.1	6.5	125.6	4.5	3.9	4.3	3.7	76.1
Latin America	2.9	2.9	3.2	3.1	60.1	2.7	2.7	2.1	2.4	48.6
Argentina	1.0	1.0	1.1	0.8	15.1	0.3	0.2	0.1	0.2	4.3
Brazil	0.4	0.7	0.9	0.6	12.2	1.2	1.1	0.9	1.0	20.4
Colombia	0.6	0.3	0.3	0.4	7.2	0.7	0.8	0.6	0.7	14.2
Other	2.5	3.1	2.9	2.5	48.0	2.2	3.0	2.6	2.9	59.5
Grand total	100.0	100.0	100.0	100.0	1 951.0	100.0	100.0	100.0	100.0	2 066.0
of which										
EFTA countries	36.4	38.5	36.7	41.7	813.9	40.0	40.6	40.9	41.3	852.7
EEC countries	27.5	23.5	24.2	23.5	459.2	28.8	27.7	29.6	26.7	551.2



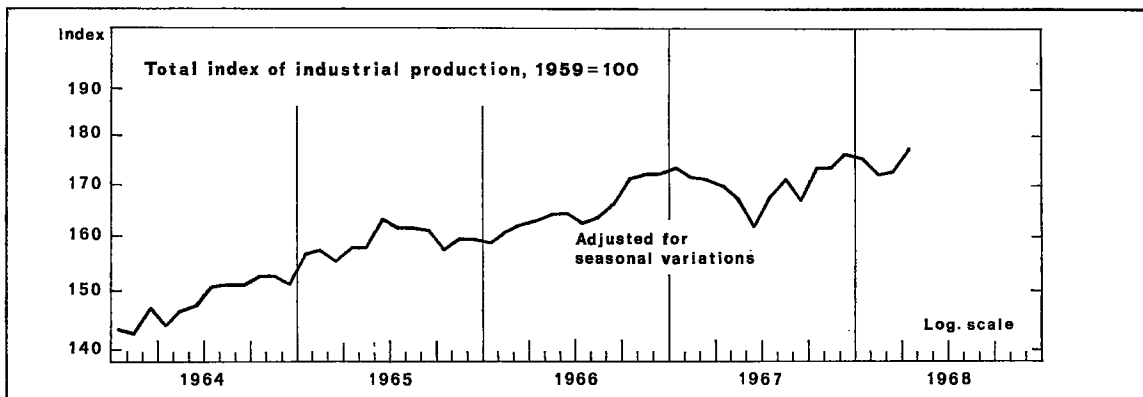
PRICE INDEXES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Mach- inery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1965	236	242	214	241	224	232	266	228	223	105	106	104
1966	241	247	216	245	228	238	271	233	228	108	112	104
1967	248	254	225	246	241	253	276	236	240	114	121	107
1967												
May	244	251	216	242	236	248	273	230	235	112	119	105
June	243	250	217	242	236	247	271	231	234	114	123	106
July	246	254	216	241	235	254	279	230	236	114	123	106
Aug.	245	253	216	241	235	254	277	230	236	114	123	106
Sept.	245	252	216	241	235	252	272	234	236	114	123	105
Oct.	254	257	242	251	254	259	282	242	246	117	123	109
Nov.	262	264	256	260	262	265	285	252	255	119	123	111
Dec.	264	265	258	262	266	266	285	254	258	120	123	112
1968												
Jan.	269	272	258	265	273	273	294	257	262	124	130	113
Feb.	269	273	257	265	273	274	290	257	265	124	130	113
March	273	277	256	267	276	279	295	262	266	125	130	114
April	275	279	259	270	277	281	296	265	269	125	130	114
May	275	279	260	270	277	282	297	264	269	125	130	114

Period	Cost of living Oct. 1951 = 100						Consumer prices Oct.—Dec. 1957 = 100					
	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other	Total	Food- stuffs	Rent	Heating and lighting	Clothing	Other
1965	178	195	377	115	109	173	140	144	140	111	135	141
1966	185	202	392	119	111	182	145	149	145	116	138	148
1967	195	212	408	130	115	196	153	156	151	126	143	160
1967												
May	193	209	403	129	115	195	152	153	149	125	143	159
June	194	210	403	129	115	194	152	154	149	125	143	158
July	195	212	407	129	115	195	153	156	151	126	143	159
Aug.	195	212	407	130	115	195	153	156	151	126	143	159
Sept.	197	216	407	130	116	196	154	159	151	126	143	160
Oct.	198	217	419	130	116	197	156	159	155	126	144	161
Nov.	202	223	419	132	117	202	159	164	155	128	146	164
Dec.	203	222	419	140	118	203	159	163	155	136	147	165
1968												
Jan.	205	223	424	141	120	207	161	164	157	137	149	169
Feb.	207	224	424	142	121	208	162	165	157	138	150	170
March	210	231	424	142	124	210	165	169	157	138	154	172
April	211	234	421	142	126	211	166	172	156	138	156	172
May	211	235	420	141	126	211	166	173	156	137	156	172

PRODUCTION — INTERNAL TRADE

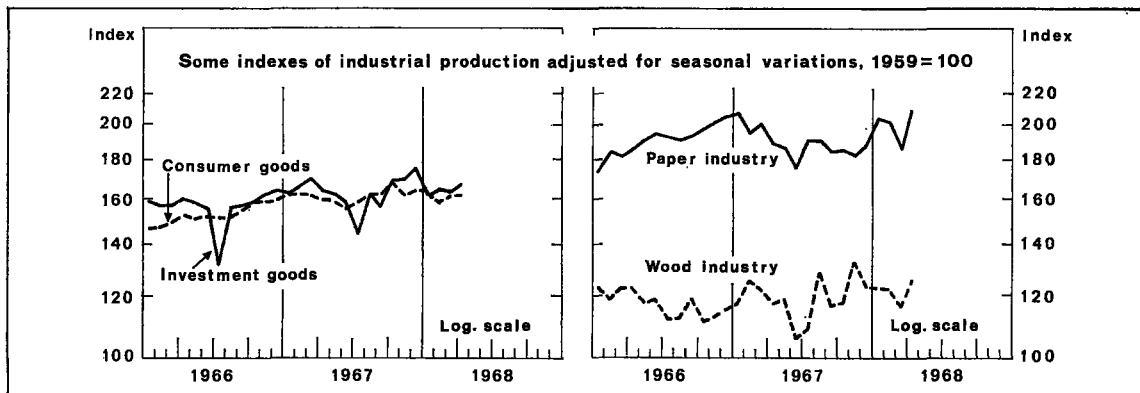
Period	Index of industrial production 1959 = 100									Commercial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Investment goods	Other producer goods	Consumer goods	Special indexes of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1965	159	160	166	142	133	182	161	152	159	51 905	170
1966	166	159	173	154	118	191	162	165	165	46 507	174
1967*	170	165	176	162	119	189	163	171	170	44 963	181
1966											
Nov.	182	176	191	167	104	208	181	186	172	3 048	188
Dec.	168	168	176	151	107	186	169	168	172	3 688	200
1967*											
Jan.	176	173	185	161	111	203	174	173	173	3 835	140
Feb.	170	175	176	159	130	187	175	166	171	5 079	161
March	174	181	180	165	134	196	177	168	171	5 029	177
April	181	177	187	170	140	205	175	182	170	4 492	191
May	171	168	176	165	136	186	169	171	167	9 435	190
June	157	159	156	160	107	157	157	163	162	2 148	175
July	123	80	136	111	92	185	76	124	167	955	159
Aug.	173	154	177	174	113	196	155	182	171	1 978	189
Sept.	176	170	181	171	117	197	168	180	167	2 488	197
Oct.	190	191	194	182	120	202	187	196	173	3 166	223
Nov.	184	184	192	171	122	188	183	190	173	2 969	184
Dec.	164	168	171	149	108	171	165	162	176	3 389	182
1968*											
Jan.	179	176	187	165	119	201	177	173	175	3 509	137
Feb.	178	181	186	163	133	200	181	172	172	4 977	158
March	186	185	195	171	135	212	184	183	173	4 898	164
April	177	168	183	167	140	192	170	179	178	4 384	174



BUILDING — WAGES — TRANSPORT — EMPLOYMENT

Period	Buildings completed, mill. cu. m					Buildings under construction at end of period mill. cu. m	Index of salary and wage earners' earnings 1957 = 100			
	Total	Dwelling houses	Farm buildings	Commercial and industrial premises	Official buildings		All salary and wage earners	Wage earners in		
								Agriculture	Forestry	Manufacturing
1965	27.04	10.96	2.58	9.20	3.12	31.31	180	177	192	176
1966	26.54	11.26	2.80	8.19	3.00	36.34	192	197	200	190
1967*	..	..	..	..	..	..	207	215	217	207
1966 Oct.-Dec.	9.92	4.61	1.16	2.91	0.83	35.40	198	200	207	195
1967* Jan.-Mar.	6.12	2.47	0.31	2.66	0.50	32.67	201	207	196	201
Apr.-June	..	..	..	..	..	..	207	216	230	206
July-Sept.	..	..	..	..	..	..	209	213	229	210
Oct.-Dec.	..	..	..	..	..	..	210	222	232	210
1968* Jan.-Mar.	..	..	..	..	..	..	221	230	239	223

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed		1 000 man-months		% of total labour force	
	1967	1968*	1967*	1968*	1967*	1968*	1967*	1968*	1967*	1968*
Jan.	123	114	840	885	692	772	1 856	1 792	3.1	5.8
Feb.	125	115	615	723	502	603	1 846	1 772	3.1	5.3
March	133	129	756	777	627	687	1 834	1 767	2.6	5.0
April	140	128	834	995	676	767	1 853	1 763	2.5	4.8
May	129	125	1 119	1 233	972	1 109	1 918		2.1	
June	124		1 386		1 240		1 883		2.1	
July	116		1 511		1 390		1 656		2.2	
Aug.	130		1 436		1 371		1 791		2.4	
Sept.	126		1 240		1 063		1 880		2.6	
Oct.	136		1 169		936		1 906		3.3	
Nov.	127		1 090		897		1 889		3.9	
Dec.	105		1 039		870		1 835		4.3	



EXPLANATIONS RELATING TO THE STATISTICAL SECTION

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

BANK OF FINLAND

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

Page 4. Since Dec. 31, 1965 *Gold and foreign exchange* = Gold (valued on basis of the par value of the mark) + IMF gold tranche + Foreign exchange. *Other foreign assets* = Foreign bills + Foreign bonds. *Other foreign liabilities* = Mark accounts of holders abroad + Foreign term liabilities. *Treasury bills and bonds*: Including Treasury bond loan + Treasury bill covering certain IMF and IBRD accounts (included in Other claims). *Other claims, net* = Advances for stand-by stocks — 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 in foreign currency + Cheque accounts (assets) + Other claims excl. Treasury's IMF and IBRD bill and Advances for stand-by stocks. *Liabilities* = Other cheque accounts + Other sight liabilities + Finnish term liabilities — Account of the Mortgage Bank of Finland Oy. — Cash reserve accounts. — Export levies (net). *Diagrams*. Left: *Net claims on other than banks* = Net foreign assets + Net claims on the Treasury + Net claims on the rest of economy + Finnish bonds + Finnish coin — Equalization accounts = Notes in circulation + Bank's own funds — Net claims on the banks.

DEPOSITS BY THE PUBLIC —

ADVANCES TO THE PUBLIC — MONEY SUPPLY

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

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

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

STATE FINANCES

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

BALANCE OF PAYMENTS

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

FOREIGN TRADE

Pages 10—12. Figures supplied by the Board of Customs. *The unit value indexes* (p. 10): The indexes are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indexes corresponds to the annual level of the Fisher index formula. Terms of trade: the ratio of export indexes to import indexes. Figures in *diagrams* (pp. 10 and 11) are seasonally adjusted excl. unit value index figures. *Foreign trade by countries* (p. 12): imports by countries of purchase, exports by countries of sale.

PRICE INDEXES

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

PRODUCTION — INTERNAL TRADE

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

BUILDING — WAGES — EMPLOYMENT — TRANSPORT

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

SYMBOLS USED

* Preliminary . Less than half the final digit shown . Logically impossible .. Not available — Nil
A line drawn across a column between two consecutive figures indicates that the figures above and below the line are not strictly comparable.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1154 to 1809 Finland formed a part of the kingdom of Sweden. It then became an autonomous Grand Duchy connected with Russia until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1966 were as follows, numbers in brackets indicating present state of parties: Social Democrats 55, Centre Party 49 (50), People's Democrats 41 (42), Conservatives 26, Swedish Party 12, Liberal Party 9 (8), Social Democratic League 7 (6) and Finnish Farmers' Party 1.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1966): 4.6 million. Sweden 7.8, Switzerland 6.0, Denmark 4.8 and Norway 3.8 million.

DENSITY OF POPULATION (1967): In South Finland 26.0, in North Finland 4.3 and in the whole country an average of 15.3 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1967): 52 % of the population inhabit the rural areas, 48 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 528 300 inhabitants, Tampere (Tammerfors) 150 200, Turku (Åbo) 148 100.

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

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

EDUCATION (1967): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 6 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

INCREASE OF POPULATION (1966): births 16.7 ‰, deaths 9.4 ‰, increase 5.4 ‰. Deaths in France 10.7 ‰, and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

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

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

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

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

INDUSTRY (1965): Gross value of industrial production 19 400 mill. marks, number of workers 352 500, salaried employees 80 800, motive power (1965) 4.0 mill. kW. Index of industrial production 159 for 1965 (1959 = 100).

RAILWAYS (Jan. 1, 1968): Length 5 636 km, of which 5 607 km are State and 29 km private railways.

MERCHANT FLEET (May 31, 1968): Steamers 86 (134 052 gross reg. tons), motor vessels 411 (936 555 gross reg. tons), sailing vessels with auxiliary engines 16 (2 350 gross reg. tons). Total 513 (1 072 957 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1967): Passenger cars 551 200, lorries and vans 92 900, buses 7 400, others 4 200. Total 655 700.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1967): Kilometres flown 15.7 million, passengers carried 897 605, passenger kilometres 455.0 million, and ton kilometres of freight and mail 7.5 million.

FINANCE AND BANKING

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

MUNICIPAL FINANCES. In the finance accounts for 1966 expenditure amounted to 4 115 mill. marks. Total revenue was 4 141 million, of which income from taxation 2 133 million. The municipal income tax (non-progressive) averaged 12.45 % of the ratepayers' taxable income.

THE CENTRAL BANK. The Bank of Finland functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1967). There are two big and four small commercial banks with in all 809 offices, 353 savings banks, 479 cooperative credit societies and their central bank, six mortgage societies, and POSB. The savings departments of the cooperative stores accept deposits from their members. The National Pension Institute and sixty-four private insurance companies also grant credits.

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

FINLAND'S BALANCE OF PAYMENTS IN 1967

BY

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RECENT TRENDS

In eliminating barriers to trade and payments Finland has moved towards a more open economy since the latter half of the 1950's. This has exposed the balance of payments to international fluctuations and made cost development a crucial question as well as illuminating the structural adjustment problems of the Finnish economy. Consequently, counter-cyclical policy requires careful timing and flexibility; on the other hand cost aspects give incomes policy a key position. The question in the longer term is that of the structure of exports and imports, and ultimately of the structure of production. The bulk of exports still comes from processing wood, although metal industry products and miscellaneous consumer

articles have been gaining in importance during the 1960's. The diversified demand structure, on the other hand, has produced a heterogeneous composition of imports, for which domestic production has not been able to substitute sufficiently.

Throughout the 1960's the current account has been in deficit; since 1964, however, the trend (see chart 1) has noticeably deteriorated and by 1965 the disequilibrium could be said to be in need of more drastic corrective measures, as imports of foreign capital were no longer sufficient to prevent a considerable loss of foreign exchange reserves. In 1960—1967 the cumulative current account deficit amounted to over 3 200 million marks. Long-term capital imports constituted the major

Chart 1. Current Account Balance in 1962—67, seasonally adjusted quarterly figures, million marks

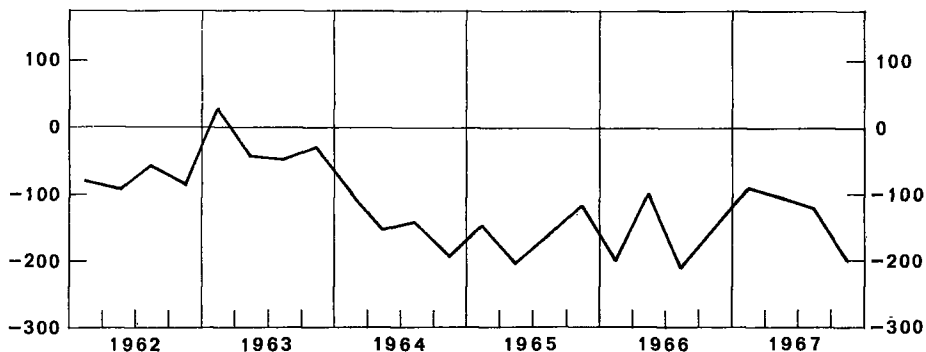


TABLE 1. BALANCE OF PAYMENTS SUMMARY, ¹⁾ 1963—1967, MILLION MARKS

	1963	1964	1965	1966	1967
Exports ²⁾ f.o.b.	+3 658	+4 109	+4 542	+4 784	+5 195
Imports ³⁾ c.i.f.	-3 878	-4 831	-5 287	-5 542	-5 817
Trade balance	- 220	- 722	- 745	- 758	- 622
Services: receipts	+ 783	+ 854	+ 944	+1 023	+1 132
Services: payments	- 589	- 617	- 700	- 768	- 818
Services: balance	+ 194	+ 237	+ 244	+ 255	+ 314
Investment income	- 70	- 101	- 131	- 150	- 209
Transfer payments, net	+ 6	- 1	+ 2	- 10	- 3
A. BALANCE OF CURRENT TRANSACTIONS	- 90	- 587	- 630	- 663	- 520
B. BALANCE OF LONG-TERM CAPITAL ⁴⁾	+ 326	+ 492	+ 98	+ 154	+ 484
BASIC BALANCE (A+B)	+ 236	- 95	- 532	- 509	- 36
Private short-term capital, net	- 127	+ 173	+ 187	- 16	- 219
Official short-term capital, net	+ 24	+ 18	+ 25	-	- 24
Other short-term capital, net ⁵⁾	- 18	+ 7	- 44	+ 67	+ 69
Errors and omissions	- 3	+ 76	+ 81	+ 103	+ 102
C. BALANCE OF SHORT-TERM CAPITAL	- 124	+ 274	+ 249	+ 154	- 72
OVER-ALL BALANCE (A+B+C)	+ 112	+ 179	- 283	- 355	- 108
Authorized Exchange Dealers' reserve movements, net ⁶⁾	+ 81	+ 34	+ 24
Official Reserve Movements, net ⁶⁾	- 112	- 179	+ 202	+ 321	+ 84

1) Plus sign indicates credit; minus sign indicates debit.

2) Exports adjusted for stevedoring expenses and include grants in kind.

3) Imports include seamen's duty free imports, non-monetary gold and grants in kind; in addition adjustment is made to allow for smuggling.

4) Including loans drawn by banks n.i.e.

5) Includes Authorized Exchange Dealers' reserve movements, net until 1965, since when they have been entered under a separate heading.

6) Increase minus, decrease plus.

share or 1 935 million marks (60 per cent) in the financing of the deficit; that of short-term capital imports was 755 million marks (24 per cent) and the decrease in the foreign exchange reserves was 521 million marks (16 per cent).

In 1967 the current account deficit was cut by 143 million marks on the previous year to 520 million marks mainly due to the improvement in the trade balance. The deficit was financed almost exclusively by long-term capital imports, but as short-term capital swung to a net export, the foreign exchange reserves declined by over 100 million marks. ¹⁾

CURRENT TRANSACTIONS

The growth of international trade continued to lose momentum until the third quarter of 1967. The growth rate of the volume of GNP in Finland's most important OECD export countries in 1967 was about 2 per cent or one percentage unit smaller than in 1966. The slackening export demand was reflected in the declining growth rate of Finland's export volume, but because of the devaluation the value of total exports expressed in Finnmarks increased by 8.6 per cent. Most of the increase occurred in bilateral exports, which grew by 17.9 per cent, whereas the multilateral exports rose by 6.3 per cent.

Due in part to the slower growth in domestic demand, specifically the fall in fixed private investment, and in part to the various policy measures taken to curb demand and import demand in particular, the volume of imports

1) The movements of capital and reserves exclude changes in assets and liabilities due to the devaluation. Transactions before the devaluation are given at the old parity and transactions after the devaluation at the new one.

TABLE 2. GOODS AND SERVICES, AND TRANSFER PAYMENTS, MILLION MARKS

	1966			1967		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise	4 784	5 541	-757	5 195	5 816	-621
Non-monetary Gold	—	1	— 1	.	1	— 1
Transport	517	191	326	572	187	385
Travel	149	245	— 96	175	263	— 88
Government	48	32	16	33	24	9
Non-merchandise insurance	139	140	— 1	170	167	3
Other services	169	159	10	182	177	5
<i>Total goods and services</i>	<i>5 806</i>	<i>6 309</i>	<i>-503</i>	<i>6 327</i>	<i>6 635</i>	<i>-308</i>
Investment income	34	184	-150	36	245	-209
Transfer payments	15	25	— 10	22	25	— 3
<i>Total current transactions</i>	<i>5 855</i>	<i>6 518</i>	<i>-663</i>	<i>6 385</i>	<i>6 905</i>	<i>-520</i>

remained on the same level as in 1966 and the value increased only by 4.9 per cent, of which the growth rate of multilateral imports was 4.2 per cent and that of bilateral imports 7.6 per cent. Roughly 6 percentage units of the growth rate of exports and imports are attributable to the price effects of the devaluation. The terms of trade deteriorated by 3 per cent in 1967.

In 1967 the trade deficit was 564 million marks thus showing an improvement of 143 million marks on 1966. The multilateral trade balance — 467 million marks — improved by 59 million marks and the bilateral trade deficit — 97 million marks — declined by 84 million marks. With the foreign trade adjustment items²⁾ and non-monetary gold movements included, the total trade deficit in 1967 was 622 million marks. (For a detailed analysis of foreign trade in 1967 see Bulletin 5/1968.)

The balance of services showed a surplus of 314 million marks, which offset half of the trade deficit. Despite the decrease in volume transported, net earnings from transportation amounted to 385 million marks, which is 18 per cent more than in the previous year. This increase is a consequence principally of higher freight rates owing to the closure of the Suez Canal, of devaluations

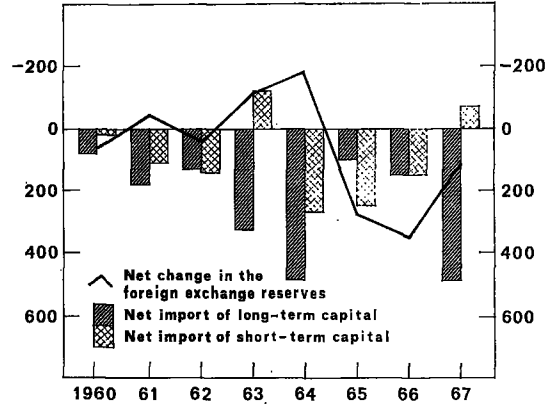
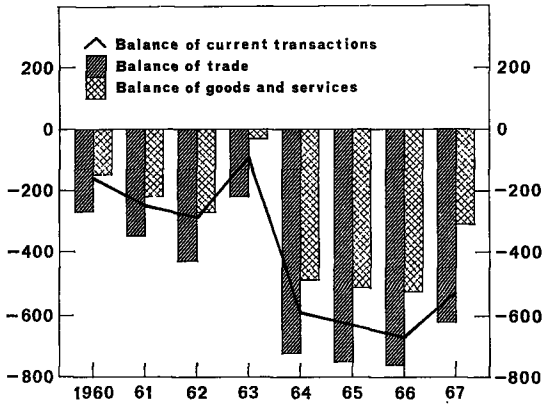
and also to a small extent of the increased share of Finnish tonnage in foreign trade transportation. The tonnage of the Finnish merchant fleet rose in 1967 by 9 per cent to 1.1 million registered tons and the share of Finnish tonnage in foreign trade shippings increased to 53.6 per cent from 52.4 per cent in 1966.

Since 1964 the travel account has shown a falling deficit reflecting partly the policy measures applied to expenditure on travel. At the beginning of 1967 the exchange allocations for travel services were limited to Fmk 400 per person per trip for Scandinavian countries and Fmk 800 correspondingly for travel in other countries. Approximately 1.1 million foreigners visited Finland last year. As travel receipts increased 10 percentage units faster than travel expenditures in 1967, the travel account improved by 8 million marks and the deficit was 88 million marks.

As the other services — recently relatively insignificant items in net terms — showed a slight net surplus, the balance of goods and services was 308 million marks in deficit, which means an improvement of nearly 200 million marks compared with 1966. In the last few years the net deficit of investment income has tended to grow as a result of the increase in the foreign debt and decrease in foreign assets. In 1967 this deficit rose by 59 million marks. Consequently despite

²⁾ E.g. estimate for smuggling, seamen's taxfree imports and grants in kind.

Chart 2. Finland's Balance of Payments in 1960—67, million marks



the increase in net receipts of services the current account improved only by 143 million marks and the deficit was 520 million marks.

BALANCE OF PAYMENTS POLICY

In recent years the Finnish authorities have pursued an active balance of payments policy, the chief aim being to restore balance of payments equilibrium. The stabilization measures previous to devaluation consisted of increases in taxation and restraint in Government expenditure as well as of quantitative restrictions on the expansion of credit in order to curb the growth in internal demand. In spite of the contractive economic policy, constraints imposed on the use of import credits and export-promoting measures the external position was seen not to improve quickly enough. The slow adjustment process, the continuous slackening of the growth rate of the economy and increasing unemployment created a situation which did not allow an intensification of the restrictive policy. Therefore, the par value of the Finnish mark was altered on October 12, 1967 by 23.8 per cent increasing the foreign exchange par rates by 31.25 per cent in terms of domestic currency. Taking into consideration the devaluations of other currencies in 1967,

the weighted³⁾ average change in the mark was 20.2 per cent and the corresponding average increase in foreign exchange rates 26.3 per cent. The devaluation was intended mainly to induce conditions necessary for effecting the structural adjustment process, in order to advance Finland's international competitive position.

Subsequent upon the devaluation, an Export Levy Act was passed, to limit price and cost pressures and to neutralize windfall export profits. The Levy was initially set at 14 per cent for all exports, but later the rates were generally reduced according to the import content of the goods exported. At the end of the year the average rate was estimated to be 10—11 per cent.

In addition to the export levy, other measures included an extension of the price control system, the abolition of tariffs on goods on the "decalage" list under the terms of the FINEFTA agreement and of the advance payment requirement for the import of consumer durables, as well as an increase in tourist allowances. Also negotiations for an incomes policy were initiated (see front article in Bulletin 12/1967). The impact of the devaluation on the trade

³⁾ Weighted by the shares of Finland's exports to the countries devaluing their currencies.

TABLE 3. MOVEMENTS OF CAPITAL AND MONETARY GOLD, MILLION MARKS

	1966			1967		
	Assets increase — decrease +	Liabilities increase + decrease —	Net assets increase — decrease +	Assets increase — decrease +	Liabilities increase + decrease —	Net assets increase — decrease +
NON-MONETARY SECTOR						
<i>Private</i>	-264	374	+110	-50	+ 96	+ 46
Long-term capital	- 68	+194	+126	-35	+299	+264
Loans drawn	—	+376	+376	—	+542	+542
Loans repaid	—	-178	-178	—	-261	-261
Other	- 68	- 4	- 72	-35	+ 18	- 17
Short-term capital	-196	+180	- 16	-15	-203	-218
<i>Public (central and local governments)</i>	- 23	+ 0	- 23	- 4	+ 12	+ 8
Loans drawn	—	+ 91	+ 91	—	+156	+156
Loans repaid	—	- 91	- 91	—	-121	-121
Other	- 23	—	- 23	- 4	- 23	- 27
MONETARY SECTOR						
<i>Banks (including the Bank of Finland)</i>	+180	+293	+473	-32	+397	+365
Loans drawn	—	+ 51	+ 51	—	+312	+312
Loans repaid	—	- 2	- 2	—	- 23	- 23
Other	+180	+244	+424	-32	+108	+ 76
<i>Total</i>	-107	+667	+560	-86	+505	+419

balance was as yet small in 1967; the announced abolition of advance payment requirements and expectations of a reduction in tariffs as well as in the export levy may nevertheless have deferred certain import and export transactions to 1968. Furthermore, during 1967 Finland continued the removal of restrictions on foreign trade and payments. At the end of the year the remaining global quotas on industrial imports from multilateral countries were abolished, and the existing tariffs on industrial imports from EFTA countries were eliminated.

BASIC BALANCE

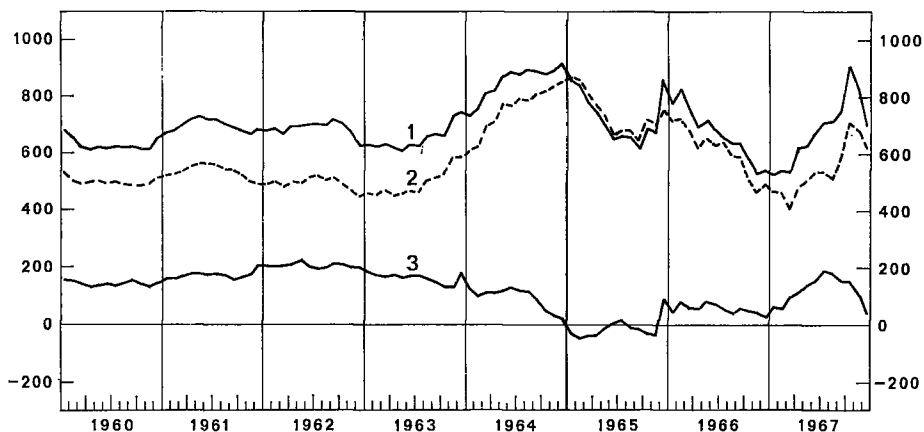
Throughout the 1960's Finland has been a net importer of long-term capital (see chart 2). The tightening of the international capital market in 1965 and 1966 was a setback to Finland's efforts to acquire foreign long-term capital. Towards the end of 1966 there were, however, distinct signs of easing in conditions on the international bond markets. In 1967 Finland issued four new bond loans with a total nominal value of

40 million dollars against only one small bond issue in 1966. Three of these issues were made in Western Europe while only one was effected in the U.S.

In spite of these bond issues, in 1967 Finland imported long-term capital mainly in the form of other financial credits, which usually have a shorter maturity and a higher rate of interest than bond loans. In addition, in order to strengthen her international liquidity position and to support the efforts of the Finnish authorities to restore external balance Finland entered into a stand-by arrangement with the IMF covering the gold and two credit tranches, of which the 200 million marks of credit tranches are treated in the balance of payments as a long-term capital import. During 1967 Finland's long-term foreign debt in terms of marks increased by 1 480 million marks, of which 959 million marks was a result of the devaluation. Although the service costs of this debt — interest and amortization payments — have grown considerably in absolute terms, their share in total current account receipts is only 8.7 per cent.

Chart 3. Bank of Finland Foreign Exchange Reserve in 1960—67, seasonally adjusted monthly figures, million marks

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



In the past direct investment made to Finland from abroad and vice versa has been insignificant from the viewpoint of the balance of payments. However, the Government have taken steps in order to encourage foreign direct investment in Finland. The authorities will provide foreign enterprises with the necessary information⁴⁾ and advice on opportunities for making direct investments in Finland. In 1967 the inflow of direct investment to Finland was 42 million marks and the outflow 30 million marks. Net capital exports through long-term export credits were 33 million marks and the stock of these credits amounted to 250 million marks by the end of the year. The growth of export credits is closely connected with the increased share of heavy metal industry products in the commodity structure of Finland's exports, especially to the developing and to Eastern European countries. As net long-term capital imports were 330 million marks higher and the current account deficit was 143 million marks lower than in the

previous year, the basic balance showed a striking improvement in 1967 with a deficit of only 36 million marks against 509 million marks in 1966.

OVER-ALL BALANCE

During the last three years short-term capital movements have indicated a net inflow, but in 1967 this tendency was reversed and there was a net export of short-term capital of 72 million marks. This development was occasioned, apart from leads and lags in payments, to a great extent by the Bank of Finland's decision in April 1967 to enlarge the list of goods for which payment must be made before their Customs clearance. The purpose of this indirect measure of import restraint was to limit the growth of particular imports, especially those of consumer goods. At the beginning of 1968 this system of cash payments for imports was abolished, and settlement for most imports could again be made within six months of their arrival in Finland. In 1967 private and official short-term capital movements showed a net outflow of 243 million marks.

⁴⁾ See e.g. "Establishing in Finland", Helsinki 1968.

Under the tight domestic money market conditions authorized foreign exchange dealers increased somewhat their indebtedness to foreign creditors. Errors and omissions, being of the same size as in 1966, probably reflected changes in unregistered trade credits. With all short-term capital movements, including errors and omissions, the deficit in the over-all balance was 108 million marks, which was financed from the foreign exchange reserves.

Since 1964 Finland's international liquidity position, measured by movements in the net foreign exchange reserves, has deteriorated by 746 million marks in spite of the rise

in long-term borrowing from abroad. However, the rate of decline in total reserves slackened in 1967, when the reserves of authorized exchange dealers fell by 24 million marks and those of the Bank of Finland decreased by 84 million marks, of which 33 million marks was in gold and convertible currencies and 51 million marks in non-convertible currencies. Including the book value adjustment due to the devaluation, the increase in the foreign exchange reserves of the whole country over the whole year was 23 million marks. At the end of 1967 total net reserves amounted to only 330 million marks.

ITEMS

Finland raises DM 75 million in the Federal Republic of Germany. On June 6, 1968, the Republic of Finland signed an agreement for a bond issue of DM 75 million, to be offered for public subscription in the Federal Republic of Germany. The offer has been underwritten by a consortium headed by Dresdner Bank AG.

The loan is current for a period of 15 years, with interest at a rate of 7 per cent payable semi-annually. The bonds will be redeemed with effect from June 1, 1972, by annual instalments of DM 6 250 000. The price of issue is 99 per cent. The bonds are quoted on the Hamburg, Düsseldorf and Frankfurt on Main Stock Exchanges.

This is the Republic of Finland's third offer of bonds in the Federal Republic of Germany in the 1960's. The two former offers of DM 40 million and DM 50 million were made in 1964.

*

Finland borrows Skr 50 million from Sweden. On June 19, the Republic of Finland made a bond issue of Skr 50 million for public subscription in Sweden through the intermediaries of Stockholms Enskilda Bank, Skandinaviska Banken, Svenska Handelsbanken, Göteborgs Bank and Sveriges Enskilda Bank.

The currency period is 15 years and the rate of interest 7 $\frac{1}{4}$ per cent payable semi-annually. The loan is issued at par, The bonds will be redeemed in 1969—1982

annually through drawing by lot or by redeeming the bonds in circulation. The date of the final principal payment will be June 28, 1983. The borrower has the right of redeeming the capital outstanding on June 28, 1978. The bonds are quoted on the Stockholm Stock Exchange.

This is the Republic of Finland's first offer of bonds in Sweden since 1939.

*

Cabinet decision on the application of the index clauses abolished by the Economic Special Powers Act. The decision of the Cabinet given on June 27, 1968 stipulates by virtue of the Economic Special Powers Act (207/68) that the last adjustment figure to be used for the index clauses cancelled with certain exceptions in all obligations and contracts in accordance with § 1 of the Act, is the index figure of the last whole calculation period preceding the enforcement of the above Act. For monthly indexes the last adjustment figure is thus the index for March 1968, unless it was agreed to use an earlier one. The index figure of November 1968 is to be used as the last adjustment index for index-tied deposits. — The decision is applied from the date of enforcement of the Economic Special Powers Act or April 10, 1968.

On the exceptions to the abolition of index linkages in the financial market stipulated by the above Act see Front Article in No. 5, 1968.

Supplementary budget. Before adjourning for the summer recess, Parliament passed in June the second supplementary budget amounting to 74 million marks or less than 1 per cent of the ordinary budget. (The first one authorized 3 million marks for the Finnish U.N. forces in Cyprus.)

It was agreed to raise Finland's contribution to the International Development Association by a total of 4 million dollars, to be paid during 1968—70. A third of this amount or 6 million marks are entered for this purpose. The supplement further includes 30 million marks for agricultural export subsidies as producer prices had been raised in February. 5 million marks are earmarked for the purchase of shares to bring about a merger between two truck manufacturing companies.

The plans to start a car assembly plant in Finland, in collaboration with the Swedish Saab Company, were also presented to Parliament in connection with this supplementary budget. This is estimated to require investments of 45 million marks by the State in 1969—71, but none as yet for 1968. The supplementary budget contains a provision to introduce a resolution to make the necessary financing available as the need arises.

The revenue estimates were marked up by only 12 million marks. It is, however, an established rule that the Government can in general make use of the excess accruals over the original estimates for stated purposes.

*

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

The 1968 II issue of bonds for subscription by insurance companies, totalling 17 890 000

marks. The bonds are dated May 31, and will run for 10 years at a rate of 8¼ per cent. The loan will be redeemed by annual instalments of 10 per cent of the original nominal value of each bond. The loan is issued at par.

The issue of 10 million marks for subscription by the Labour Pensions Funds of farming, forest works, and construction. The loan is current for a period of 10 years starting July 1, 1968, and carries interest at a rate of 8¼ per cent payable semi-annually. The loan is priced at par.

*

The Government has authorized *Savon Sellu Oy* (sulphate cellulose mill) to make a private bond issue of 24 million marks. The bonds are dated June 1 with a maturity of 15 years. The rate of interest is 8½ per cent and the loan is issued at par.

*

Trade agreement. On June 28, 1968, an agreement was signed between Finland and *Hungary* regulating the exchange of goods between the two countries for the period from July 1, 1968 to June 30, 1969. The Finnish export list includes different kinds of paper and board and their products, cellulose, sawn timber, rayon staple fibre, woodworking machinery and equipment and as new items special steel and rubber and plastic products. Finland's import list comprises the licence-free imports together with fresh fruits and vegetables, berries, juices, rolled products and various textiles.

*

Publications of the Bank of Finland. "Finnish Bond Issues 1967" has been published in a common Finnish, Swedish

and English edition. It contains a detailed description of the 27 loans issued in 1967 of which four were denominated in foreign currency and floated abroad. In addition the introduction includes statistics on domestic and foreign bonds outstanding at the end of 1958—67 and sales of domestic bonds in 1958—67.

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Government)*

AHTI KARJALAINEN
*(Absent as a member of
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