



BANK OF FINLAND

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JULY

1969

LIBERALIZATION IN THE FIELD OF TOURISM

With effect from June 1st and July 1st, 1969, customs provisions and foreign exchange regulations for Finnish tourists have been substantially liberalized. As a result the Finnish rules have now been brought into conformity with the obligations set down for Members in the OECD's Code of Liberalization of Current Invisible Operations and certain other international recommendations in the field of tourism.

In Finland, like some other OECD countries, restrictions on the amounts of foreign exchange sold to travellers going abroad have been maintained for balance of payments reasons. It might be recalled here that during the sixties and up to the end of 1967, persistent balance of payments deficits and the consequent pressures on foreign exchange reserves had remained a problem of primary importance in the Finnish economy. The devaluation of the Finnish mark by 23.8 per cent in October 1967, and the stabilization programme adopted in that connection have, however, altered the balance of payments situation fundamentally, and thereby also reduced the need to restrict tourism. On January 1st, 1968, the maximum foreign currency allowance automatically granted to Finnish travellers going abroad was raised to 1 000 marks (US\$ 238) per person and

trip from the previous levels of 400 marks (for Scandinavian trips) and 800 marks (for other destinations).

Notwithstanding this and other relaxations of currency restrictions the balance of payments and foreign exchange reserves developed very favourably in 1968. The balance on current account swung from a deficit close to 500 mmk in 1967 to a healthy surplus of 320 mmk in 1968, and as a result gold and foreign exchange reserves more than doubled over the year. The improvement affected the foreign travel account as well, for which the customary deficit of nearly 100 mmk was more or less eliminated.

It is not, however, the improved external balance alone which has motivated the liberalization of currency regulations. When, on January 28th, 1969 Finland became the 22nd member of the OECD (the Organization for Economic Cooperation and Development), she undertook among other things to observe the obligations contained in the OECD Code of Liberalization of Current Invisible Operations. According to item G/1 of Annex A to this Code member countries should automatically allow tourists travelling abroad to

*On page 18. Finland's Balance of Payments
in 1968*

purchase foreign currency equal to a minimum of 700 units of account (equivalent to US\$ 700) per person and journey. At the time of joining the OECD the Finnish regulations did not meet these requirements, and as a consequence Finland had to take a reservation on this item. Moreover, the export of Finnish bank notes was limited to a maximum of 100 Fmk per person and journey, while the Code prescribes a minimum equivalent to 210 Fmk, and this necessitated a second Finnish reservation.

The new rules, effective from July 1st, 1969, which have eliminated the need for Finland to maintain the two reservations mentioned above, contain the following two essential reforms:

a) The maximum amount of currency automatically allowed for tourists travelling abroad has been increased to 3 000 Fmk per person and journey. This amount, which corresponds to 714 units of account (or 714 US\$), can be freely purchased and exported by every traveller going abroad. However, for visits across the land frontier which do not extend beyond the border communities, foreign exchange may not be purchased.

b) The restriction on exports of domestic bank notes has been lifted in so far

as foreign exchange and Finnish marks are now treated identically. Thus, a tourist may take any part, or the whole, of the amount permitted (3 000 Fmk), in the form of Finnish bank notes. For visits across the land frontier extending no further than the border communities the export of Finnish bank notes is limited to 200 Fmk per person and trip.

Apart from the relaxation of foreign exchange regulations described above, recent Finnish liberalizations in the field of tourism also include an increase in the amount of gifts and similar goods that tourists may import free of duty. According to the new rules, which came into force on June 1st, 1969, the value of duty-free imports was raised from 200 to 250 Fmk, which brought the Finnish level in line with the international recommendations in this field. The new limit also applies to short trips (less than 24 hours) which were formerly covered by special and more restrictive rules. Finally, the new regulations provide for an increase from 50 Fmk to 250 Fmk per month in the amount of goods that may be imported free of duty by people living in the communities bordering Finland's western land frontier.

June 19, 1969

BANK OF FINLAND

Mill. mk

	1968		1969			
	Dec. 31	May 31	May 30	June 6	June 13	June 23
BALANCE SHEET						
Assets						
<i>Ordinary note cover</i>	1 477.4	1 362.2	1 380.3	1 340.3	1 380.7	1 408.1
Gold	189.5	191.3	189.2	189.2	189.2	189.2
IMF gold tranche	—	—	173.3	173.3	173.3	173.3
Foreign exchange	1 163.0	1 043.7	868.5	828.8	870.8	901.6
Foreign bills	76.1	81.1	94.8	94.6	93.0	89.6
Foreign bonds	48.8	46.1	54.5	54.4	54.4	54.4
<i>Supplementary note cover</i>	790.3	869.3	755.1	751.4	747.3	825.6
Inland bills discounted	—	—	—	—	—	—
In foreign currency	25.1	35.8	22.6	18.3	18.3	18.3
In Finnish currency	147.5	131.8	122.8	123.3	125.6	137.6
Rediscounted bills	617.7	701.7	609.7	609.8	603.4	669.7
<i>Other assets</i>	470.5	582.0	537.1	540.9	456.6	425.0
Finnish bonds	135.7	362.9	170.1	174.2	96.7	56.3
Cheque accounts	1.9	7.4	8.4	3.7	3.4	18.0
Finnish coin	11.7	18.7	15.0	15.0	15.2	13.5
Other claims	321.2	193.0	343.6	348.0	341.3	337.2
Total	2 738.2	2 813.5	2 672.5	2 632.6	2 584.6	2 658.7
Liabilities						
<i>Notes in circulation</i>	1 159.6	1 035.7	1 150.0	1 131.8	1 136.3	1 166.3
<i>Liabilities payable on demand</i>	136.5	107.0	84.8	86.0	92.8	134.8
Foreign exchange accounts	62.1	81.5	61.3	59.0	59.9	61.8
Mark accounts of holders abroad	12.4	10.4	8.4	8.3	8.7	8.7
Cheque accounts	—	—	—	—	—	—
Treasury	3.0	0.7	0.5	1.2	1.6	8.0
Post Office Savings Bank	3.4	0.1	0.8	1.6	2.9	41.7
Private banks	39.2	—	—	1.7	5.4	—
Other	2.2	2.4	2.1	2.2	2.5	2.4
Other sight liabilities	14.2	11.9	11.7	12.0	11.8	12.2
<i>Term liabilities</i>	546.4	804.4	521.3	518.0	458.0	457.9
Foreign	21.4	335.9	19.0	14.7	14.6	14.6
Finnish	525.0	468.5	502.3	503.3	443.4	443.3
<i>Equalization accounts</i>	400.3	378.0	401.6	403.5	403.0	404.5
<i>Bank's own funds</i>	495.4	488.4	514.8	493.3	494.5	495.2
Capital	300.0	300.0	300.0	300.0	300.0	300.0
Reserve fund	150.0	150.0	172.7	172.7	172.7	172.7
Profits undisposed	—	20.4	22.7	—	—	—
Net profit	45.4	—	—	—	—	—
Earnings less expenses	—	18.0	19.4	20.6	21.8	22.5
Total	2 738.2	2 813.5	2 672.5	2 632.6	2 584.6	2 658.7
STATEMENT OF NOTE ISSUE						
Right of note issue						
<i>Ordinary cover</i>	1 477.4	1 362.2	1 380.3	1 340.3	1 380.7	1 408.1
<i>Supplementary cover</i>	—	—	—	—	—	—
(Upper limit 500 mill. mk; from Nov. 30, 1966 to Dec. 31, 1968, 700 mill. mk)	700.0	700.0	500.0	500.0	500.0	500.0
Total	2 177.4	2 062.2	1 880.3	1 840.3	1 880.7	1 908.1
Note issue						
<i>Notes in circulation</i>	1 159.6	1 035.7	1 150.0	1 131.8	1 136.3	1 166.3
<i>Liabilities payable on demand</i>	136.5	107.0	84.8	86.0	92.8	134.8
<i>Undrawn on cheque credits</i>	5.6	3.9	3.8	3.9	4.2	3.6
<i>Unused right of note issue</i>	875.7	915.6	641.7	618.6	647.4	603.4
Total	2 177.4	2 062.2	1 880.3	1 840.3	1 880.7	1 908.1

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

BANK OF FINLAND

Mill. mk

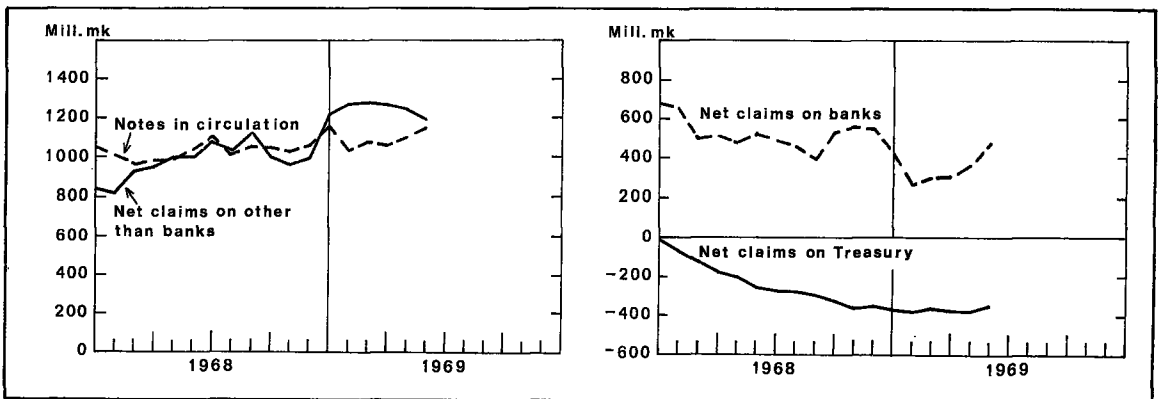
End of year and month	Gold and foreign accounts						Treasury			
	Gold and foreign exchange	Liabilities on foreign exchange accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Bills and bonds	Other claims, net	Liabilities, Cheque account	Net claims on the Treasury (7+8-9)
	1	2	3	4	5	6	7	8	9	10
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
1968	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	—361.0	3.0	—357.3
1968										
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
June	1 346.4	86.1	1 260.3	124.5	303.5	1 081.3	6.7	—276.9	0.0	—270.2
July	1 361.9	69.9	1 292.0	120.5	172.9	1 239.6	6.7	—277.1	2.6	—273.0
Aug.	1 337.0	72.7	1 264.3	117.5	173.1	1 208.7	6.7	—297.2	0.1	—290.6
Sept.	1 340.0	62.0	1 278.0	119.5	172.6	1 224.9	6.7	—329.1	1.0	—323.4
Oct.	1 383.1	59.8	1 323.3	123.9	169.9	1 277.3	6.7	—350.8	11.1	—355.2
Nov.	1 386.1	57.5	1 328.6	122.7	169.6	1 281.7	6.7	—358.5	2.4	—354.2
Dec.	1 352.5	62.1	1 290.4	124.9	33.8	1 381.5	6.7	—361.0	3.0	—357.3
1969										
Jan.	1 448.8	62.7	1 386.1	122.9	30.4	1 478.6	4.2	—378.7	0.7	—375.2
Feb.	1 468.9	45.4	1 423.5	116.6	30.1	1 510.0	2.5	—365.1	2.7	—365.3
March	1 466.6	41.3	1 425.3	130.4	30.6	1 525.1	2.5	—367.1	1.9	—366.5
April	1 454.5	42.9	1 411.6	145.2	27.7	1 529.1	2.5	—369.9	9.7	—377.1
May	1 231.0	61.3	1 169.7	149.3	27.4	1 291.6	2.5	—350.1	0.5	—348.1

	Foreign exchange situation, mill. mk							
	Net holdings, Dec. 31, 1968			Net holdings May 31, 1969			Change in	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	May	Jan.-May
Gold	190	—	190	189	—	189	—	— 1
IMF gold tranche	—	—	—	173	—	173	+ 42	+173
Convertible currencies	1 113	—368	745	682	—261	421	—185	—324
Other currencies	— 13	5	— 8	126	3	129	+ 18	+137
Total	1 290	—363	927	1 170	—258	912	—125	— 15

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
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
1968	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1968										
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
June	694.8	180.5	20.3	0.1	493.9	133.5	223.7	44.9	312.3	1 101.5
July	645.0	167.0	20.2	0.2	457.6	133.5	218.7	45.1	307.1	1 017.0
Aug.	619.2	202.3	17.6	+ 0.0	399.3	135.9	249.8	42.3	343.4	1 054.0
Sept.	677.2	132.6	18.0	0.2	526.4	139.1	259.4	42.2	356.3	1 046.4
Oct.	734.7	148.7	25.7	— 0.0	560.3	131.4	288.1	42.0	377.5	1 035.0
Nov.	719.9	130.4	35.0	0.1	554.4	132.1	323.7	41.3	414.5	1 058.5
Dec.	617.7	163.3	16.3	1.6	436.5	147.5	341.5	41.8	447.2	1 159.6
1969										
Jan.	452.0	169.5	18.1	+ 0.0	264.4	129.4	352.7	37.3	444.8	1 039.3
Feb.	438.1	123.5	14.3	+ 0.0	300.3	134.0	379.3	32.8	480.5	1 080.3
March	439.8	120.5	15.2	1.5	302.6	129.2	374.6	30.6	473.2	1 064.0
April	491.0	109.1	20.1	+ 0.0	361.8	94.4	367.5	29.0	432.9	1 099.4
May	609.7	119.4	13.7	0.1	476.5	122.8	367.4	28.9	461.3	1 150.0

¹⁾ Including cash reserve accounts.

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	Consumer co-op. societies	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
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	834.0	340.9	4 080.8	3 644.6	2 439.7	941.2	431.3	11 537.9	12 712.8
1968*	832.7	1 086.5	428.4	4 580.7	3 969.8	2 699.5	1 027.2	465.0	12 742.5	14 257.4
1968*										
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
June	668.8	856.9	425.7	4 249.2	3 740.9	2 510.6	965.4	414.7	11 881.0	13 163.6
July	758.1	959.7	381.9	4 262.5	3 747.5	2 518.8	966.8	414.4	11 910.2	13 251.8
Aug.	761.7	970.7	361.8	4 289.7	3 779.4	2 547.3	968.0	414.4	11 999.1	13 331.6
Sept.	785.6	1 001.3	388.1	4 319.2	3 806.3	2 569.3	973.2	425.3	12 093.5	13 482.9
Oct.	761.5	978.1	369.0	4 335.6	3 813.4	2 580.3	977.2	430.5	12 137.3	13 484.4
Nov.	752.7	967.8	365.6	4 374.3	3 858.2	2 608.9	985.4	440.4	12 277.5	13 610.9
Dec.	832.7	1 086.5	428.4	4 580.7	3 969.8	2 699.5	1 027.2	465.0	12 742.5	14 257.4
1969*										
Jan.	869.0	1 091.8	434.8	4 578.8	3 997.8	2 735.8	1 037.8	470.5	12 821.0	14 347.6
Feb.	894.5	1 109.7	461.3	4 598.5	4 031.8	2 775.1	1 051.0	475.5	12 932.3	14 503.3
March	923.0	1 163.0	426.7	4 636.9	4 045.0	2 798.6	1 058.5	478.2	13 017.6	14 607.3
April	893.6	1 139.5	421.2	4 690.5	4 071.2	2 825.8	1 059.0	479.6	13 126.4	14 687.1
May	912.3	1 161.8	421.0	4 756.1	4 115.1	2 851.1	1 054.0	476.8	13 253.4	14 836.2

End of month	100 % Index-tied deposits	Long-term deposits 6, 12 and 24 months
1968*		
July	3 349.7	1 489.8
Aug.	3 159.1	1 659.9
Sept.	2 935.0	1 860.3
Oct.	2 400.7	2 225.5
Nov.	1 892.3	2 637.7
Dec.	1 410.4	3 085.1
1969*		
Jan.	723.3	3 699.1
Feb.	92.8	4 359.4
March	13.9	4 558.4
April	0.3	4 609.9
May	—	4 644.4

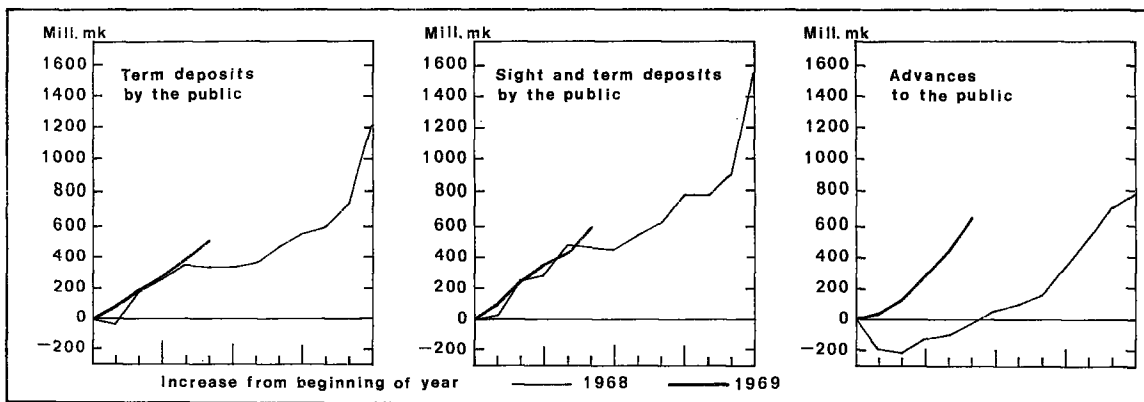
Selling rates for foreign exchange			
June 19, 1969			
		mk	mk
New York	1 \$	4.2110	Zurich 100 Fr 97.79
Montreal	1 \$	3.8980	Paris 100 FF 84.65
London	1 £	10.0650	Rome 100 Lit 0.6720
Stockholm ..	100 Kr	81.40	Vienna 100 S 16.28
Oslo	100 Kr	59.02	Lisbon 100 Esc 14.80
Copenhagen ..	100 Kr	55.96	Reykjavik 100 Kr 4.76
Frankfurt o. M.	100 DM	105.32	Madrid 100 Pta 6.04
Amsterdam ..	100 Fl	115.48	Moscow, clear. ¹⁾ 1 Rbl 4.6799
Brussels	100 Fr	8.3700	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
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	2 221.7
1967	5 203.7	3 247.7	869.0	2 779.5	1 026.9	12 598.9	527.9	13 126.8	2 183.1
1968*	5 593.3	3 442.9	940.3	2 873.6	1 053.0	13 415.9	487.2	13 903.1	2 671.2
1968*									
April	5 198.9	3 261.1	914.8	2 645.4	1 006.3	12 528.7	497.8	13 026.5	2 275.6
May	5 235.3	3 287.3	915.5	2 661.0	1 004.5	12 610.5	493.1	13 103.6	2 268.2
June	5 288.9	3 297.0	920.8	2 679.2	999.9	12 646.8	539.0	13 185.8	2 316.8
July	5 270.7	3 312.1	932.5	2 701.2	999.2	12 715.1	500.6	13 215.7	2 315.4
Aug.	5 296.4	3 341.7	928.3	2 724.0	997.1	12 791.6	495.9	13 287.5	2 308.4
Sept.	5 388.6	3 372.4	930.8	2 775.5	998.6	12 951.6	514.3	13 465.9	2 378.9
Oct.	5 424.2	3 413.2	927.2	2 813.0	1 074.9	13 145.8	506.7	13 652.5	2 320.8
Nov.	5 528.9	3 446.3	930.6	2 845.1	1 073.3	13 282.8	541.4	13 824.2	2 362.8
Dec.	5 593.3	3 442.9	940.3	2 873.6	1 053.0	13 415.9	487.2	13 903.1	2 671.2
1969									
Jan.	5 590.6	3 450.3	950.6	2 888.7	1 051.4	13 430.2	501.4	13 931.6	2 497.5
Feb.	5 645.7	3 474.7	951.5	2 907.1	1 045.5	13 479.2	545.3	14 024.5	2 604.3
March	5 704.5	3 491.0	958.5	2 920.4	1 106.1	13 638.4	542.1	14 180.5	2 554.9
April	5 802.0	3 515.4	960.5	2 949.7	1 112.9	13 767.8	572.7	14 340.5	2 614.2
May	5 901.6	3 550.1	969.9	2 984.5	1 142.8	13 971.0	577.9	14 548.9	..



STATE FINANCES

Mill. mk

Revenue	1967	1968	Expenditure	1967	1968
	Income and property tax (net)	1 685		2 037	Wages, salaries, pensions etc. ....	1 266	1 495
Gross receipts	(4 965)	(5 572)	Repair and maintenance	239	254
Refunds & local authorities	(-3 280)	(-3 535)	Other consumption expenditure ..	563	706
Other taxes on income and property	40	44	<i>Total consumption expenditure</i>	2 068	2 455
Employers' child allowance payments	486	549	State aid to local authorities	1 015	1 244
Sales tax	1 908	2 107	State aid to industries	866	932
Revenue from Alcohol Monopoly ..	465	524	of which: agric. price subsidies	(645)	(706)
Customs duties & import charges	466	392	Child allowances	309	322
Export levy	14	523	Share in nat. pensions & health		
Excise duty on tobacco	404	428	insurance	351	409
" " on liquid fuel	477	516	Other transfer expenditure	678	922
Other excise duties	113	117	<i>Total transfer expenditure</i>	3 219	3 829
Tax on autom. and motor cycles	167	143	Machinery & equipment	225	297
Stamp duties	179	184	House construction	283	279
Special diesel etc. vehicles tax	74	60	Land and waterway construction	741	800
Other taxes and similar revenue	47	59	<i>Total real investments</i>	1 249	1 376
Total taxes	6 525	7 683	Interest on State debt	218	231
Miscellaneous revenue	387	477	Index compensations	18	30
Interest, dividends etc.	151	161	Net deficit of State enterprises ..	41	96
Sales and depreciation of property ..	62	70	Other expenditure	2	12
Redemptions of loans granted	157	177	<i>Total other expenditure</i>	279	369
Total revenue	7 282	8 568	<i>Increase in inventories</i>	38	6
Foreign borrowing	157	248	<i>Lending</i>	406	578
Domestic borrowing	446	656	<i>Other financial investments</i>	131	187
Total borrowing	603	904	Total expenditure	7 390	8 800
Deficit (+) or surplus (-)	+82	- 40	Redemption of foreign loans	71	117
Total	7 967	9 432	Redemption of domestic loans ..	506	515
			Total redemptions	577	632
			Total	7 967	9 432

Debt	1966	1967	1968	1969				
	Dec.	Dec.	Dec.	Jan.	Feb.	March	April	May
Foreign debt	1 340	1 844	2 074	1 990	1 985	1 965	1 961	1 995
Loans	2 075	2 013	2 160	2 230	2 219	2 241	2 221	2 183
Compensatory stock etc.	96	5	5	5	4	4	4	4
Short-term credit	101	167	320	314	301	258	244	166
Cash debt (net)	-85	-12	-256	-273	-165	-290	-292	..
Domestic debt	2 187	2 173	2 229	2 276	2 359	2 213	2 177	..
Total debt	3 527	4 017	4 303	4 266	4 344	4 178	4 138	..
Total debt, mill. \$	1 094	955	1 028	1 019	1 037	998	988	..

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
1964	4 109	4 831	-722	+330	-115	+ 42	-465	-101	+ 3	-563
1965	4 542	5 287	-745	+341	-108	+ 21	-491	-131	+ 15	-607
1966	4 784	5 542	-758	+356	- 96	+ 12	-486	-150	+ 3	-633
1967	5 194	5 816	-622	+416	- 88	+ 17	-277	-209	- 3	-489
1968*	6 826	6 715	+111	+479	- 8	+ 5	+587	-262	- 5	+320
Jan.-Mar.										
1966	879	1 247	-368	+ 72	- 23	+ 10	-309	- 38	+ 0	-347
1967	1 088	1 347	-259	+ 98	- 24	- 2	-187	- 57	- 1	-245
1968	1 385	1 515	-130	+103	- 16	+ 7	- 36	- 58	+ 1	- 93
Apr.-June										
1966	1 247	1 397	-150	+113	- 31	- 8	- 76	- 36	- 2	-114
1967	1 242	1 398	-156	+ 97	- 34	+ 6	- 87	- 39	+ 1	-125
1968	1 808	1 829	- 21	+133	- 12	+ 2	+102	- 67	- 1	+ 34
July-Sept.										
1966	1 275	1 359	- 84	+ 73	- 17	+ 1	- 27	- 40	+ 2	- 65
1967	1 241	1 256	- 15	+114	- 18	- 3	+ 78	- 63	+ 3	+ 18
1968	1 680	1 500	+180	+147	+ 32	+ 0	+359	- 67	- 1	+291
Oct.-Dec.										
1966	1 383	1 539	-156	+ 98	- 25	+ 9	- 74	- 36	+ 3	-107
1967	1 623	1 815	-192	+107	- 12	+ 16	- 81	- 50	- 6	-137
1968	1 953	1 871	+ 82	+ 96	- 12	- 4	+162	- 70	- 4	+ 88

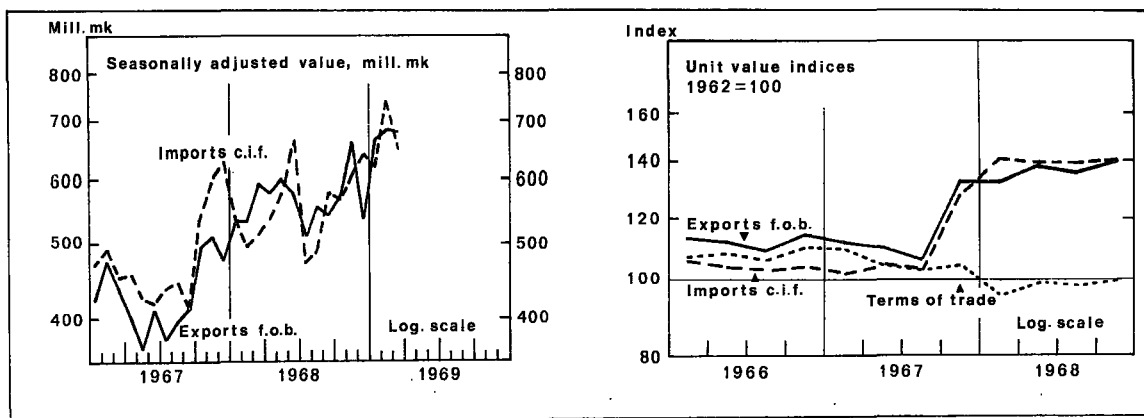
Period	Drawings of long-term loans	Amortiza- tions of long-term loans	Long- term export credits, net	Miscella- neous long-term capital items, net ¹⁾	Basic balance	Short-term import credits and pre- payments, net	Short-term export credits and pre- payments, net	Miscella- neous short- term capital items incl. errors and omissions	Over-all balance	Reserve movements	
										Bank of Finland	Other foreign exchange holders
1964	+ 762	-228	- 31	- 11	- 71	+112	+ 55	+ 83	+179	-179	..
1965	+ 434	-273	- 66	+ 3	-509	+146	+ 34	+ 46	-283	+202	+ 81
1966	+ 518	-271	- 61	- 32	-479	+ 53	-114	+185	-355	+321	+ 34
1967	+ 910	-406	- 33	+ 13	- 5	-112	- 56	+ 65	-108	+ 84	+ 24
1968*	+1 245	-868	-167	- 82	+448	+212	- 97	+ 34	+597	-664	+ 67
Jan.-Mar.											
1966	+ 89	- 60	+ 2	- 15	-331	+ 43	+243	+ 12	- 33	+ 38	- 5
1967	+ 192	- 66	+ 12	+ 5	-102	- 48	+ 85	+ 74	+ 9	- 50	+ 41
1968	+ 214	-140	- 54	+ 4	- 69	+168	+191	+ 24	+314	-401	+ 87
Apr.-June											
1966	+ 116	- 52	- 36	+ 3	- 83	+ 19	-114	+ 64	-114	+121	- 7
1967	+ 315	- 62	+ 2	+ 4	+134	+ 44	+ 71	-169	+ 80	-105	+ 25
1968	+ 396	-214	- 18	- 18	+180	+190	-144	- 56	+170	-233	+ 63
July-Sept.											
1966	+ 111	- 67	- 9	+ 20	- 10	- 3	-121	+ 43	- 91	+ 45	+ 46
1967	+ 251	- 92	- 13	+ 4	+168	- 95	- 53	+ 38	+ 58	- 77	+ 19
1968	+ 226	-212	- 14	- 29	+262	- 98	- 27	- 25	+112	- 18	- 94
Oct.-Dec.											
1966	+ 202	- 92	- 18	- 40	- 55	- 6	-122	+ 66	-117	+117	± 0
1967	+ 152	-186	- 34	+ 0	-205	- 13	-159	+122	-255	+316	- 61
1968	+ 410	-302	- 81	- 40	+ 75	- 48	-117	+ 91	+ 1	- 12	+ 11

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

¹⁾ Including Direct investment net.

FOREIGN TRADE

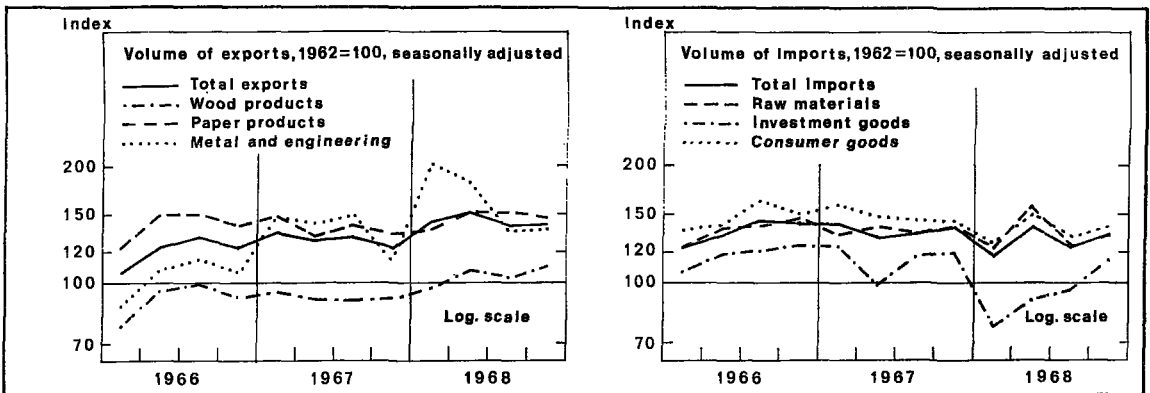
Period	Value mill. mk			Unit value indices 1962 = 100						
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)	Articles of export f. o. b.					Articles of import c. i. f.	Terms of Trade
				Total	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering 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	5 231.2	5 794.4	-563.2	115	114	124	111	117	110	105
1968*	6 874.2	6 710.9	+163.3	137	122	144	131	147	138	99
Jan.-Mar.										
1967	1 087.4	1 345.0	-257.6							
1968*	1 401.4	1 509.7	-108.3							
1969*	1 706.7	1 939.6	-232.9							
1968*										
April	557.3	556.3	+ 1.0	138	114	143	131	157	139	99
May	660.8	655.8	+ 5.0							
June	597.5	609.7	- 12.2	136	133	144	131	136	139	98
July	518.2	446.7	+ 71.5							
Aug.	575.5	470.2	+105.3							
Sept.	595.6	575.7	+ 19.9	140	120	147	131	156	140	100
Oct.	668.2	590.0	+ 78.2							
Nov.	682.4	609.4	+ 73.0							
Dec.	617.3	687.4	- 70.1							
1969*										
Jan.	591.4	632.0	- 40.6							
Feb.	491.5	667.6	-176.1							
March	623.8	640.0	- 16.2							



FOREIGN TRADE BY MAIN GROUPS

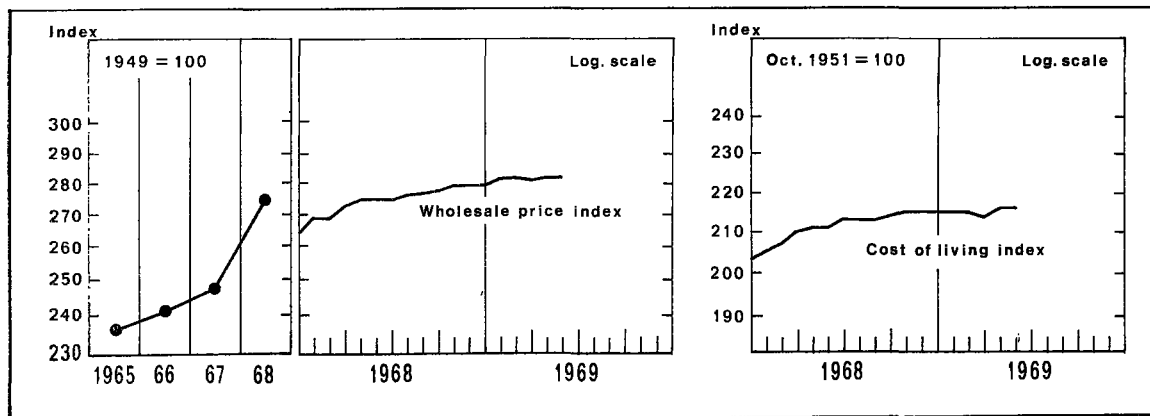
Mill. mk

Period	Exports, f. o. b.						Imports, c. i. f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering 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	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968*	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
Jan.-Mar.										
1967	57.2	7.6	135.0	568.1	212.1	107.4	556.7	142.4	370.3	275.6
1968*	97.2	7.7	163.8	658.6	311.4	162.7	661.7	211.6	322.3	314.1
1969*	116.9	6.2	213.3	769.7	366.9	233.7	758.5	272.4	538.2	370.5
1968*										
April	18.3	3.7	91.3	271.3	119.5	53.2	246.4	65.7	127.1	117.1
May	37.5	7.2	109.8	278.5	157.1	70.7	294.3	88.3	157.8	115.4
June	18.5	4.3	104.3	221.4	186.3	62.7	282.7	74.5	146.4	106.1
July	19.8	5.5	115.1	246.2	88.3	43.3	205.6	51.0	101.3	88.8
Aug.	26.0	7.0	119.6	263.6	92.6	66.7	217.9	76.3	96.4	79.6
Sept.	20.2	6.0	109.2	250.3	130.0	79.9	259.4	88.3	120.4	107.6
Oct.	24.1	6.4	119.5	283.8	150.8	83.6	270.9	61.3	137.9	119.9
Nov.	15.0	5.6	123.4	272.6	182.0	83.8	266.4	84.7	138.0	120.3
Dec.	50.5	2.1	101.7	247.7	148.4	66.9	317.8	72.3	176.4	120.9
1969*										
Jan.	46.3	2.4	91.9	257.8	126.8	66.2	259.3	111.9	138.6	122.2
Feb.	14.3	2.8	53.1	225.7	123.4	72.2	251.4	108.6	198.6	109.0
March	56.3	1.0	68.3	286.2	116.7	95.3	247.8	51.9	201.0	139.3



FOREIGN TRADE BY COUNTRIES

Area and country	Exports, f. o. b.					Imports, c. i. f.				
	Whole year		Jan. — March			Whole year		Jan. — March		
	1967	1968*	1968*	1969*		1967	1968*	1968*	1969*	
	%	%	%	%	Mill. mk	%	%	%	%	Mill. mk
Sterling area	22.8	22.7	22.1	21.1	360.4	15.8	15.8	14.7	19.0	368.8
United Kingdom	20.9	20.6	20.5	18.7	318.9	15.2	15.3	14.3	18.4	357.9
Other OECD countries										
in Europe	44.1	46.8	49.8	49.2	839.5	53.9	54.5	54.2	52.3	1 015.2
Austria	0.5	0.5	0.5	0.7	12.6	0.9	1.0	1.1	1.0	19.6
Belgium-Luxembourg	2.5	2.4	2.1	2.0	34.7	2.0	2.1	2.0	1.6	30.2
Denmark	3.8	3.7	3.9	4.1	69.9	3.3	3.6	3.7	3.2	62.5
France	4.2	4.0	4.1	4.2	71.6	3.7	3.6	3.5	3.4	65.0
Western Germany	8.6	10.5	10.1	10.7	183.5	16.2	15.5	15.4	14.2	275.7
Italy	3.1	3.0	3.1	2.7	45.9	2.0	2.2	2.3	2.3	44.2
Netherlands	5.1	4.6	4.5	4.1	69.3	3.8	3.6	3.1	3.5	68.6
Norway	2.4	2.6	4.8	2.1	35.2	2.3	2.4	2.4	2.4	46.5
Portugal	0.2	0.2	0.3	0.3	5.6	0.4	0.5	0.5	0.5	9.9
Spain	1.0	0.9	0.7	0.9	15.2	0.5	0.4	0.5	0.4	7.9
Sweden	9.7	10.9	12.2	13.3	226.4	15.4	15.9	16.0	16.6	321.4
Switzerland	1.0	1.5	1.7	2.2	36.8	3.0	3.3	3.3	3.0	59.2
Eastern Bloc	21.2	19.2	15.8	16.5	281.9	20.4	20.9	22.5	17.1	331.7
China	0.8	0.7	0.1	0.2	4.1	0.5	0.4	0.3	0.4	7.5
Czechoslovakia	0.4	0.5	0.4	0.5	7.9	0.6	0.7	0.8	0.5	9.9
Eastern Germany	0.7	0.6	0.6	0.5	8.7	0.9	0.9	0.8	0.6	11.8
Poland	1.4	1.2	0.7	1.6	26.7	1.6	1.6	1.0	0.8	15.6
Soviet Union	17.1	15.5	13.3	12.9	220.2	16.1	16.7	18.9	14.3	276.8
U.S. and Canada	6.0	6.1	7.2	6.9	117.2	4.1	3.7	4.1	6.6	128.0
United States	5.8	5.8	6.9	6.5	110.9	3.9	3.5	3.9	6.4	124.1
Latin America	2.9	2.9	2.7	3.6	60.9	2.7	2.6	2.1	2.2	41.9
Argentina	1.0	0.9	0.8	0.8	13.9	0.2	0.2	0.1	0.1	1.5
Brazil	0.8	0.7	0.6	0.6	10.2	1.2	1.0	1.0	1.0	18.3
Colombia	0.3	0.3	0.4	0.3	4.7	0.8	0.8	0.6	0.7	14.1
Other	3.0	2.3	2.4	2.7	46.8	3.1	2.5	2.4	2.8	54.0
Grand total	100.0	100.0	100.0	100.0	1 706.7	100.0	100.0	100.0	100.0	1 939.6
of which										
EFTA countries	38.5	40.1	43.7	41.3	705.5	40.6	42.0	41.3	45.2	877.0
EEC countries	23.5	24.5	24.0	23.7	405.0	27.7	27.0	26.3	24.9	483.6



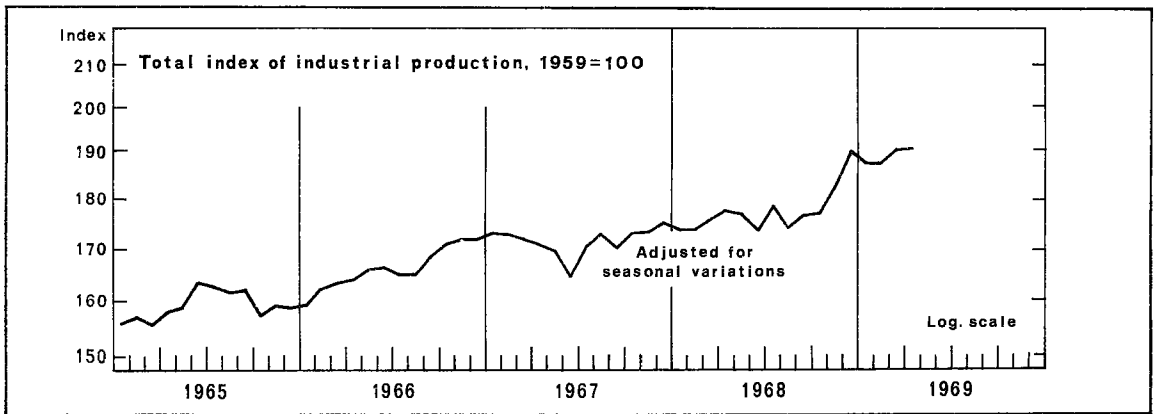
PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Mach- inery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply processed goods	More elab- orately processed goods			
1966	241	247	216	245	228	238	271	233	228	108	106	104
1967	248	254	225	246	241	253	276	236	240	114	112	107
1968	275	280	259	271	276	281	301	264	268	126	133	115
1968												
May	275	279	260	270	277	282	297	264	269	125	130	114
June	275	279	260	269	277	283	298	265	269	127	135	115
July	276	281	258	270	277	285	302	264	269	127	135	115
Aug.	277	282	258	271	277	285	303	263	270	127	135	115
Sept.	278	282	259	273	277	283	305	264	270	127	135	115
Oct.	279	284	260	275	277	284	309	266	270	127	135	115
Nov.	279	285	260	277	277	284	310	267	270	127	135	116
Dec.	279	284	260	277	277	283	309	267	269	127	135	116
1969												
Jan.	281	285	263	277	285	284	311	268	271	129	139	116
Feb.	282	287	264	278	285	287	315	268	271	129	139	116
March	281	285	264	278	285	283	313	265	271	129	139	117
April	282	286	265	278	286	285	313	269	271	129	139	117
May	282	286	267	280	286	283	309	274	271	130	139	117

Period	Cost of living Oct. 1951 = 100	Con-sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1967 = 100									
			Total	Food	Bever-ages and tobacco	Clothing and foot-wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1966	185	145	..	..	..	..	..	..	..	..	..	..
1967	195	153	100	100	100	100	100	100	100	100	100	100
1968	212	166	109	111	110	106	107	108	109	110	108	109
1968												
May	211	166	109	111	110	107	106	108	109	110	108	109
June	213	167	110	112	110	107	107	108	109	110	108	110
July	213	167	110	113	110	107	108	107	109	109	108	110
Aug.	213	168	110	113	110	107	108	107	110	109	108	110
Sept.	214	168	110	113	110	107	108	108	110	109	108	110
Oct.	215	168	111	114	110	108	109	109	110	109	108	110
Nov.	215	168	111	114	110	108	109	109	110	109	109	110
Dec.	215	168	111	114	110	108	109	109	110	109	109	110
1969												
Jan.	215	169	111	114	111	108	110	110	110	109	109	111
Feb.	215	169	111	114	111	108	110	110	110	109	109	111
March	214	168	110	112	111	108	110	110	110	109	110	111
April	216	170	111	115	111	108	111	109	110	109	110	111
May	216	170	111	114	111	108	111	109	110	109	110	111

PRODUCTION — INTERNAL TRADE

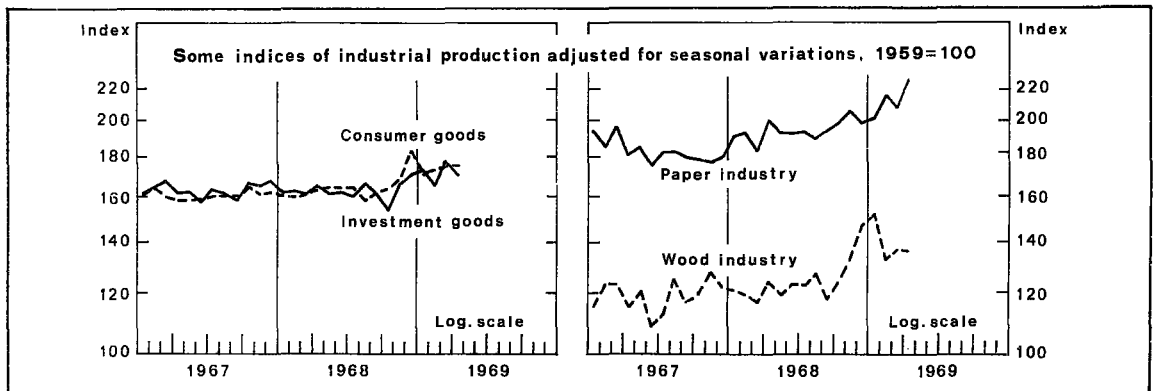
Period	Index of industrial production 1959 = 100									Commer- cial timber fellings 1 000 piled cu. m	Wholesale trade volume index 1954 = 100
	Total	Invest- ment goods	Other producer goods	Consumer goods	Special indices of manufacturing				Total, adjusted for normal seasonal variations		
					Wood industry	Paper industry	Metal industry	Other			
1966	167	160	175	151	121	191	163	165	166	46 507	174
1967*	171	164	178	161	119	182	166	175	172	44 963	181
1968*	177	163	185	164	124	193	168	179	178	47 733	176
1967*											
Sept.	178	169	183	171	117	189	170	183	170	2 488	197
Oct.	191	190	196	182	120	194	190	199	173	3 166	223
Nov.	186	183	194	170	122	181	185	193	174	2 969	184
Dec.	165	167	173	148	108	164	167	164	175	3 389	182
1968*											
Jan.	181	175	189	165	119	193	180	176	174	3 509	137
Feb.	179	180	188	162	132	192	184	175	174	4 977	158
March	187	184	197	170	135	203	188	185	176	4 898	164
April	178	167	184	168	140	185	174	181	178	4 384	174
May	186	173	194	178	142	199	178	192	177	10 331	188
June	154	145	157	152	106	151	146	165	174	1 875	157
July	133	81	146	120	105	189	86	134	179	955	169
Aug.	174	154	180	169	112	195	158	181	174	1 751	190
Sept.	182	167	191	168	115	203	174	183	177	2 279	193
Oct.	200	183	208	188	129	216	190	206	177	3 353	204
Nov.	194	182	205	174	125	209	189	195	182	3 880	184
Dec.	176	163	186	158	122	180	170	176	190	5 541	192
1969*											
Jan.	196	187	206	177	149	204	192	191	188	5 151	159
Feb.	186	176	196	168	141	207	184	179	187	5 405	168
March	206	204	216	185	158	230	205	199	190	5 349	192
April	191	173	199	180	154	209	181	192	191	4 336	195



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
1966	26.54	11.26	2.80	8.19	3.00	36.34	191	198	200	191
1967	31.34	12.42	2.93	10.83	3.49	31.40	207	216	217	207
1968*	26.44	11.72	2.58	7.64	2.86	34.09	231	232	252	229
1967										
Apr.-June	7.60	2.62	0.54	3.35	0.69	34.14	207	217	230	207
July-Sept.	8.46	2.71	0.92	2.44	1.79	33.00	209	214	229	210
Oct.-Dec.	8.69	4.46	1.10	2.16	0.45	31.40	210	223	232	211
1968*										
Jan.-Mar.	4.85	2.19	0.24	1.84	0.41	29.62	221	226	217	224
Apr.-June	6.16	2.54	0.51	1.88	0.82	33.70	224	229	224	229
July-Sept.	7.65	3.17	0.89	1.88	1.07	34.29	230	234	237	235
Oct.-Dec.	7.78	3.82	0.94	2.04	0.56	34.09	236	235	271	235

Period	Railways		Foreign shipping				Labour input		Unemployment	
	Goods trucks loaded Thousands		Vessels arrived with cargo — 1 000 net reg. tons		Vessels departed 1 000 net reg. tons		1 000 man-months		% of total labour force	
	1968	1969*	1968*	1969*	1968*	1969*	1968*	1969*	1968*	1969*
Jan.	114	115	885	893	772	797	1 792	1 794	5.8	4.6
Feb.	115	113	723	695	603	607	1 772	1 768	5.3	4.3
March	129	131	777	766	687	695	1 767	1 764	5.0	4.0
April	128	121	995	910	767	792	1 763		4.8	
May	125	123	1 233		1 109		1 814		3.5	
June	103		1 466		1 263		1 774		3.6	
July	123		1 703		1 540		1 553		3.6	
Aug.	124		1 608		1 495		1 683		3.2	
Sept.	120		1 345		1 106		1 773		3.2	
Oct.	133		1 359		1 005		1 804		3.2	
Nov.	125		1 372		968		1 824		3.6	
Dec.	104		1 197		864		1 824		4.0	



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 long-term 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 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 Savings Bank less cash holdings (net) of State departments and funds.

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 indices* (p. 10): The indices are calculated according to the Laspeyres formula. At the end of the year the arithmetic mean of the Laspeyres indices corresponds to the annual level of the Fisher index formula. Terms of trade: the ratio of export indices to import indices. 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 INDICES

Page 13. All indices calculated by the Central Statistical Office.

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 indices: 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 (1967): 4.7 million. Sweden 7.9, Switzerland 6.1, 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 (1967): births 16.5 ‰, deaths 9.4 ‰, increase 5.0 ‰. Deaths in France 10.8 ‰ and Great Britain 12.1 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1967, in million marks) Gross domestic product at factor cost by industrial origin: agriculture 2 295 (9 %), forestry and fishing 1 798 (7 %), manufacturing 7 907 (30 %), construction 2 544 (9 %), transport and communication 1 920 (7 %), commerce, banking and insurance 3 507 (13 %), public administration 1 221 (4 %), other services 5 494 (21 %), total 26 686. Index of real domestic product 109 (1964 = 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 100 for 1968 (1964 = 100). Measure of self-sufficiency in bread cereals 81 % in the crop year 1967/68.

INDUSTRY (1966): Gross value of industrial production 20 900 mill. marks, number of workers 356 100, salaried employees 84 200, motive power (1966) 4.2 mill. kW. Index of industrial production 171 for 1967 (1959 = 100).

RAILWAYS (Jan. 1, 1969): Length 5 709 km, of which 5 680 km are State and 29 km private railways.

MERCHANT FLEET (May 31, 1969): Steamers 70 (98 628 gross reg. tons), motor vessels 425 (1 067 638 gross reg. tons), sailing vessels with auxiliary engines 13 (1 608 gross reg. tons). Total 508 (1 167 874 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1968): Passenger cars 580 700, lorries and vans 92 600, buses 7 700, others 4 400. Total 685 400.

SCHEDULED AIR TRAFFIC OF FINNISH COMPANIES (1968): Kilometres flown 14.7 million, passengers carried 895 700, passenger kilometres 439.0 million, and ton kilometres of freight and mail 7.6 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, 1968) There are two big and four small commercial banks with in all 822 offices, 350 savings banks, 470 cooperative credit societies and their central bank, six mortgage societies, and POSB. The consumer cooperative societies accept deposits from their members. The National Pension Institute and sixtytwo private insurance companies also grant credits.

RATES OF INTEREST (March 1, 1969). Bank of Finland discount rates 6—7 ½ %. Other credit institutions: term deposits 4 %, 6 months' deposits 4 ¼ %, 12 months' deposits 5 %, 24 months' deposits 6 %; highest lending rate 10 %.

FINLAND'S BALANCE OF PAYMENTS IN 1968

BY

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FELLOW OF THE BANK OF FINLAND INSTITUTE FOR ECONOMIC RESEARCH

RECENT DEVELOPMENTS

A rapid structural change has occurred in the Finnish economy in the 1960s creating new export and service industries at the expense of the primary occupations. This has required large investments especially in traditional wood-processing and also in the fast growing new industries such as engineering and chemical production. In addition to the structural change Finland has during this period moved towards a more open economy by reducing its tariffs and eliminating other barriers to trade and payments and thus the formerly fairly protected home market industries have been

opened to foreign competition. Finland's balance of payments has clearly been affected by this development. The balance of current transactions has shown a growing deficit since 1960 as imports have tended to grow faster than exports. The main reason for this has been that domestic supply has been unable to cope with an even faster increasing and diversifying domestic demand. The disequilibrium was, in addition, accelerated by a fairly rapid increase in the domestic price level, which exceeded the rate of inflation in most other European countries.

The ensuing, and at this stage of struc-

Chart. 1. Current Account Balance in 1962—68, seasonally adjusted quarterly figures million marks

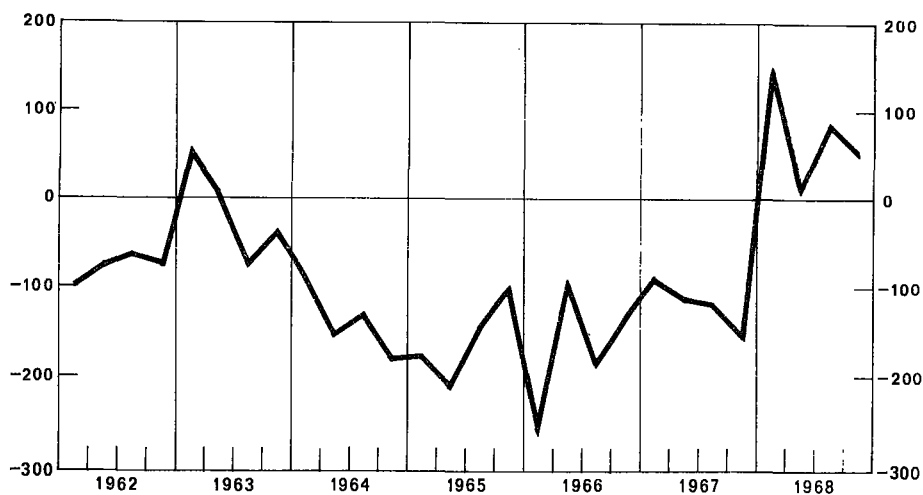


TABLE 1. BALANCE OF PAYMENTS SUMMARY, 1964—1968, MILLION MARKS

	1964	1965	1966	1967	1968
Exports f.o.b.	+4 109	+4 542	+4 784	+5 194	+6 832
Imports c.i.f.	-4 831	-5 287	-5 542	-5 816	-6 730
<i>Trade balance</i>	- 722	- 745	- 758	- 622	+ 102
Services: receipts	+ 878	+ 968	+1 052	+1 164	+1 523
Services: payments	- 618	- 700	- 767	- 819	-1 075
<i>Services: balance</i>	+ 260	+ 268	+ 285	+ 345	+ 448
Investment income	- 101	- 131	- 150	- 209	- 276
<i>Transfer payments, net</i>	- 0	+ 1	- 10	- 3	- 5
A. BALANCE OF CURRENT TRANSACTIONS	- 563	- 607	- 633	- 489	+ 269
B. BALANCE OF LONG-TERM CAPITAL	+ 492	+ 98	+ 154	+ 484	+ 129
BASIC BALANCE (A+B)	- 71	- 509	- 479	- 5	+ 398
<i>Private short-term capital, net</i>	+ 174	+ 137	- 16	- 218	+ 253
<i>Official short-term capital, net</i>	+ 18	+ 25	..	- 24	+ 50
<i>Other short-term capital, net</i>	+ 7	- 44	+ 67	+ 68	- 120
<i>Errors and omissions</i>	+ 51	+ 58	+ 73	+ 71	+ 11
C. BALANCE OF SHORT-TERM CAPITAL	+ 179	- 283	- 355	- 108	+ 597
OVER-ALL BALANCE (A+B+C)					
Authorized Exchange Dealers' reserve movements, net ¹⁾	+ 81	+ 34	+ 24	+ 67
Official Reserve Movements, net ¹⁾	- 179	+ 202	+ 321	+ 84	- 664

1) Increase minus decrease plus.

tural change, typical disequilibrium on the current transaction balance has been partly covered by foreign borrowing and since 1965 by running down foreign exchange reserves. Between 1960 and 1967 the cumulative deficit of current transactions totalled 3 009 million marks. Some 1 937 million marks of this deficit was covered by long-term capital imports. Short-term capital inflow amounted to 551 million marks and the reduction of gold and foreign exchange reserves to 521 million marks.

The devaluation of the Finnmark in October 1967 fundamentally changed Finland's external position. This was already clearly apparent in 1968. The trade balance improved by 724 million marks and became a surplus for the first time in the 1960's. As the net income from invisibles increased somewhat, too, the balance of current transactions improved by 758 million marks and showed a surplus of 269 million marks. Net imports of long-term capital amounted to 129 million marks and short-term capital transactions showed an inflow of 199 million marks. The gold and foreign exchange reserves of the

Bank of Finland and other authorized foreign exchange dealers increased by a corresponding 597 million marks.

CURRENT TRANSACTIONS

The growth of GNP in the most important Western countries, from the point of view of Finland's exports, accelerated noticeably in 1968. The volume growth rate of GNP in OECD countries weighted by the share of Finnish exports rose 3 percentage units over the previous year to 4.8 per cent. This favourable development showed itself first in a rapid increase in the volume of exports of wood and paper industry products, the most sensitive export articles to cyclical fluctuations abroad. Wood industry exports increased in real terms by 13 per cent and paper industry products by 6 per cent having both decreased in volume the previous year during the recession which affected most OECD countries. Exports of metal and engineering industry products and the "new exports" continued to grow at the rate of about 20 per cent in real terms reflecting the change in the structure of production and exports

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

	1967			1968		
	Receipts	Payments	Net receipts	Receipts	Payments	Net receipts
Merchandise	5 230	5 794	-564	6 874	6 711	163
Adjustment items	-36	21	- 57	- 42	13	- 55
Non-monetary Gold		1	- 1		6	- 6
<i>Total trade</i>	<i>5 194</i>	<i>5 816</i>	<i>-622</i>	<i>6 832</i>	<i>6 730</i>	<i>102</i>
Transport	603	187	416	766	285	481
Travel	175	263	- 88	282	290	- 8
Government	33	24	9	44	28	16
Non-merchandise insurance	172	167	5	204	205	- 1
Other services	180	177	3	227	267	- 40
<i>Total goods and services</i>	<i>6 357</i>	<i>6 634</i>	<i>-277</i>	<i>8 355</i>	<i>7 805</i>	<i>550</i>
Investment income	36	245	-209	71	347	-276
Transfer payments	22	25	- 3	27	32	- 5
<i>Total current transactions</i>	<i>6 415</i>	<i>6 904</i>	<i>-489</i>	<i>8 453</i>	<i>8 184</i>	<i>269</i>

towards more diversified products which are generally less sensitive to cyclical fluctuations abroad than the traditional wood-processing exports.

The volume of total exports increased by some 12 per cent. The growth was mainly concentrated in multilateral exports which increased by approximately 15 per cent. Exports to centrally planned economies remained at about the previous year's level. The value of total exports increased by 31 per cent.

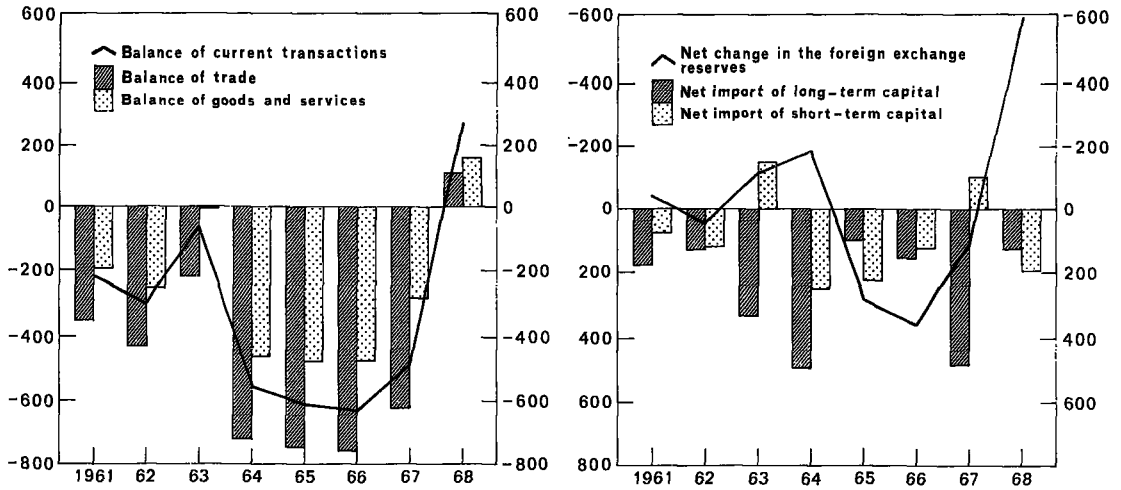
The growth in Finland's GNP did not have time to accelerate until the last quarter of 1968 in spite of the exceptionally favourable foreign demand conditions which existed from the beginning of the year. Domestic demand remained weak and so GNP increased by only a little more than 2 per cent for the third year in succession. Slack domestic demand together with the effects of devaluation, which raised the prices of imported goods expressed in domestic currency, led to a reduction of approximately 3 per cent in the volume of imports. Due to slack private investment imports of machinery and other investment goods decreased most of all — by 10 per cent. The volume of imports of consumer goods, excluding passenger cars, fell by some 5 per cent but imports of raw materials increased slightly and that of fuels

and lubricants by some 5 per cent. The value of total imports rose by 16 per cent. (For a detailed analysis of foreign trade see Bulletin 5/1969).

As the value of total exports excluding adjustment items amounted to 6 874 million marks and that of total imports to 6 711 million marks the trade balance turned into a surplus of 163 million marks. The multilateral trade balance improved especially strongly and showed a surplus of 267 million marks. The balance of bilateral trade remained at approximately the previous year's level with a deficit of 104 million marks. The deterioration in the terms of trade after the devaluation of the Finnmark was less than perhaps initially expected, only about 3 per cent. However, export prices had already started to rise by the second quarter of 1968 due to a strong foreign demand for wood-processing products and consequently the terms of trade improved again towards the end of the year although they did not reach their pre-devaluation level.

Developments in the service balance were also favourable in 1968. Income from the export of services increased by 30 per cent or about as much as visible export earnings. Income from transport which accounts for about a half of the export of services increased by only 27 per cent or less than

Chart 2. Finland's Balance of Payments in 1961—68, million marks



commodity exports and service incomes on the average. The gross tonnage of Finland's merchant fleet declined slightly in 1968. The increase in international freight rates which occurred at the end of 1967 was short-lived and rates were reduced again during the first half of the year. The surplus on transport account increased by 65 million marks to 481 million marks, which figure is, however, biased because of the cif valuation of imports. The share of imported tons carried by Finnish vessels continued to decline and was only 54.7 per cent having been steadily over 60 per cent some years ago. The corresponding figure on the export side remained at 44.0 per cent, which is about the average for the last few years.

The travel account has in the 1960's shown a yearly deficit of nearly 100 million marks on the average. The change in relative prices after devaluation also changed this trend completely in 1968. As moreover the increase in personal income in Finland was only modest, the deficit declined by 80 million marks to 8 million marks. In dollar terms receipts from tourism rose by 31 per cent whereas travel expenditure abroad declined by 10 per

cent. As the other service items on current account showed a deficit of 86 million marks the balance of goods and services showed a surplus of 550 million marks compared with a deficit of 277 million marks in 1967.

Owing to the strong expansion of borrowing abroad in the current decade, interest payments have been tending to grow very rapidly in the 1960's. In 1960 interest payments were only 1.2 per cent of total payments on current account. In 1967 their share had climbed to 3.5 per cent and in 1968 it amounted to 4.2 per cent or 347 million marks. The sharp increase in 1968 is in the first place due to the increase in Finland's foreign indebtedness, in terms of marks, caused by the devaluation. The indebtedness also increased, however, in terms of foreign currency. As, on the other hand, Finland's foreign exchange reserves swelled very markedly in 1968, receipts from abroad doubled in terms of domestic currency from the previous year's level. Net interest payments increased by 67 million marks to 276 million marks.

As total income on current account increased in 1968 by 32 per cent or 13 percent-

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

	1967		Net assets increase — decrease +	1968 *		Net assets increase — decrease +
	Assets increase — decrease +	Liabilities increase + decrease —		Assets increase — decrease +	Liabilities increase + decrease —	
NON-MONETARY SECTOR						
<i>Private</i>	-49	96	+ 47	-308	+788	+ 480
Long-term capital	-34	+299	+265	-255	+477	+ 222
Loans drawn	—	+542	+542	—	+897	+ 897
Loans repaid	—	-261	-261	—	-428	- 428
Other	-34	+ 18	- 16	-255	+ 8	- 247
Short-term capital	-15	-203	-218	- 53	+311	+ 258
<i>Public (central and local governments)</i>						
Loans drawn	—	+156	+156	—	+348	+ 348
Loans repaid	—	-121	-121	—	-134	- 134
Other	- 5	- 23	- 28	- 2	+ 52	+ 50
MONETARY SECTOR						
<i>Banks (including the Bank of Finland)</i>	-32	396	+364	-632	-392	-1 024
Loans drawn	—	+312	+312	—	—	—
Loans repaid	—	- 23	- 23	—	-306	- 306
Other	-32	+107	+ 75	-632	- 86	- 718
<i>Total</i>	-86	504	+418	-942	+662	- 280

age units more than total payments, the persistent current account deficit of the 1960's was turned to a surplus of 269 million marks.

BALANCE OF PAYMENTS POLICY

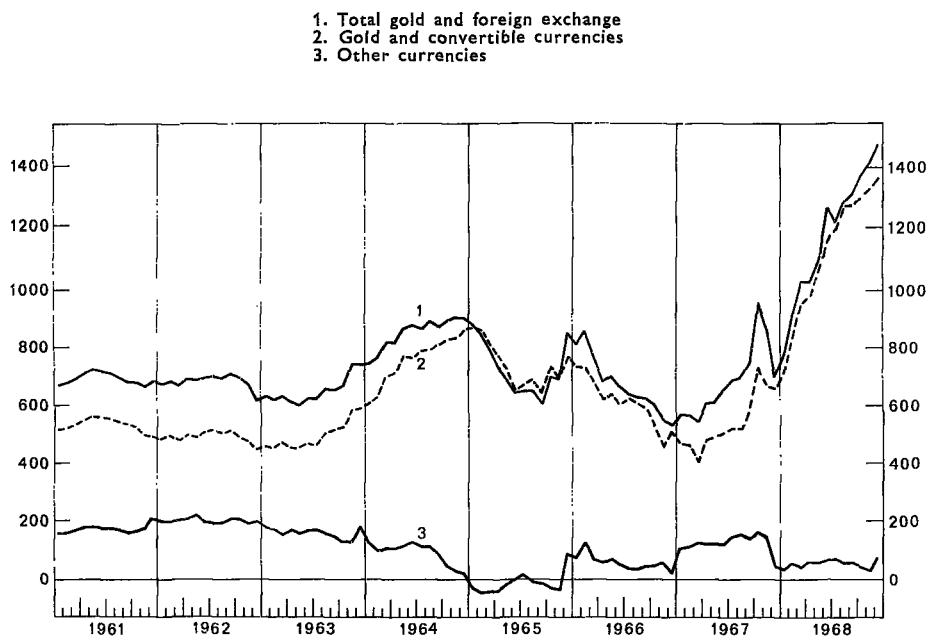
A great many of the restrictive measures introduced in pre-devaluation years were abolished and others moderated in 1968 as it was first expected, and later in 1968 confirmed, that a considerable improvement would occur in the balance of payments.

In order to slow down the increase in import prices due to devaluation the Government abolished duties on the so-called decalage list of the FINEFTA-agreement from January 1st, 1968 two years in advance of the scheduled tariff reduction programme. On the same date cash payment requirements for the import of certain consumer goods (covering 20 per cent of total imports in 1967) were removed. On July 1st the first two fifths of the total tariff reductions agreed in the Kennedy-round negotiations came into force.

The level of the export levy introduced shortly after devaluation and aimed at limiting the windfall gains accruing to the export industries was gradually reduced during the year from its initial 14 per cent (with some exceptions) of the export price of the goods. The average level of the export levy was in 1968 about 8 per cent. By the end of the year 537 million marks of export levies had been collected.

From January 1st, 1968, the maximum foreign currency allowance automatically granted to Finnish travellers going abroad was raised to 1 000 marks per person and trip from the previous levels of 400 marks for Scandinavian trips and 800 marks for other destinations. The Government decided to increase the value of goods which travellers may bring into the country free of duty and purchase tax with effect from March 1, 1968. For non-resident travellers the duty-free value of goods brought with them in addition to their normal luggage was raised from 150 marks to 400 marks. For adult resident travellers returning to

Chart. 3. Bank of Finland Foreign Exchange Reserves in 1961—68, seasonally adjusted monthly figures, million marks



Finland the value of duty-free goods brought with them was raised from 70 marks to 200 marks for trips of more than 24 hours and from 10 marks to 15 marks for trips of less than 24 hours. More liberal border traffic regulations have been introduced for residents in the northernmost parts of Finland.

Certain revisions were made in the maximum amounts of foreign exchange transfers which may be effected by the authorized banks without the prior permission of the Bank of Finland. All these limits were raised by an amount exceeding the effect of the change in the par value, so that an actual liberalization of the regulations took place. In addition the minimum period of repatriation for blocked funds was shortened from five to three years. (For further information on the liberalization of exchange and regulations for 1969, see p. 1—2, this Bulletin.)

BASIC BALANCE

Finland has throughout the 1960's been a net importer of long term capital. This trend continued in 1968, although the repayments due on loans drawn earlier grew strongly, constituting with increasing interest payments a fairly heavy burden on the balance of payments. Debt service costs (interest and amortization on long-term loans) expressed as a percentage of the total current receipts of the balance of payments increased to 9.8 per cent having been below 5 per cent at the beginning of this decade. (The repayment of the IMF's stand-by credit of 26½ million marks is excluded from the amortization figures in this context.) Even the current figures, however, are not exceptionally high on an international comparison with countries experiencing a similarly rapid structural change. Overall conditions on the

European capital markets from the point of view of Finland's borrowing opportunities continued to be favourable throughout 1968. The changing structure of Finland's long-term borrowing was also apparent in the previous year. This has meant an increase in the importance of bond loans and medium-term trade and financing credits.

All in all eight bond issues were made abroad in 1968 totalling 367 million marks, which exceeds the amount of the previous year's (four) loans by 194 million marks calculated at the present rate of exchange. The amortizations of bond loans drawn earlier were only 43 million marks. The major part of long-term capital imports occurred, however, in the form of trade and other financial credits which have a shorter maturity and also a higher rate of interest than bond loans. The total amount of loans drawn was 1 245 million marks. Corresponding amortizations grew to 868 million marks, which includes the repayment, in July 1968 and December respectively, of both tranches of the stand-by credit granted by the IMF in 1967 and equivalent to 131 million marks each. (Excluding these exceptional drawings and repayments, the net long-term loan capital inflow was 639 million marks and thus exceeded the previous year's net inflow at present rates of exchange by 216 million marks.)

Long-term export credits granted mainly to foreign buyers of Finnish heavy metal industry products increased very rapidly in 1968. Net capital exports in this form increased to 167 million marks reflecting the strong growth of exports of engineering and other industrial products not based on wood. The stock of these credits at the end of the year was 417 million marks. Direct investments showed for the first time a considerable net capital outflow of 75 million marks. The main part of this exceptionally

large capital outflow is linked to the Eurocan-project in British Columbia, Canada, where in 1968 four Finnish firms started to construct a pulp and paper factory. The total cost of the project is estimated at 93 million dollars of which about one third is financed by Finnish capital.

In total the net inflow of long-term capital in 1968 amounted to 129 million marks. The basic balance improved due to favourable developments both in the current transactions and long-term capital account by 403 million marks to 398 million marks, which represents a considerable improvement in Finland's long-term liquidity position. The country's net foreign long-term debt, including long-term export credits, increased by 210 million marks to 4 136 million marks in 1968.

OVER-ALL BALANCE

In 1968 the balance of short-term capital including errors and omissions returned to its normal pattern and showed an inflow of 199 million marks as compared with an exceptional outflow of 103 million marks one year earlier. This inflow was accelerated by the abolishment of the cash payment requirements for the import of certain consumer goods which came into effect on January 1, 1968 and made it possible for importers to adjust their short-term import credits to the normal level. The temporary crises in the international capital markets during 1968 probably did not have any noticeable effect on Finland's short-term capital account. The over-all balance, after having been in deficit for the last three years, showed a surplus of 597 million marks in 1968, the biggest surplus reached in Finland during the 1960's.

The gold and foreign exchange reserves of the Bank of Finland more than doubled to 1 290 million marks and the country's total reserves, including the reserves of authorized

foreign exchange dealers, nearly tripled to convertible currencies was 583 million and in 927 million marks. The growth in gold and non-convertible currencies 14 million marks.

ITEMS

Supplementary budgets. The first supplementary budget for 1969, approved by Parliament in April, authorized the Government to extend the use of funds appropriated for agricultural produce to grain export subsidies. This did not involve any increase in total expenditure. In the second supplement 1.5 million marks was appropriated for the Finnish U.N. forces in Cyprus. In order to decrease the number of cattle the Government was empowered to use marketing promotion appropriations for slaughter rewards.

The third supplementary budget was passed by Parliament in June. The expenditure side amounted to 207 million marks or to more than 2 per cent of the ordinary budget; revenue was marked up by 25 million marks as there will be other savings and additional accruals. In spite of the better economic outlook the present employment situation still requires 15 million marks in real investments, 10 million in unemployment payments and 7 million for retraining programmes. A further 50 million marks was appropriated to the Ministry of Agriculture for price

subvention, of which 27 million marks was granted for financing the special sales of butter in March while the remainder was mainly to be used for export subsidies. The Ministry of Defence obtained 13 million and the universities 8 million marks. Another 8 million was allocated to export promotion, for which purpose the estimated yield of the export levy was raised by the same amount. Interest expenses and the amortization of state debt required 44 million marks; of this long-term debt accounted for 30 million.

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Publication of the Bank of Finland. "Finnish Bond Issues 1968" has been published in a common Finnish, Swedish and English edition. It contains a detailed description of the 33 loans issued in 1968 of which 8 were denominated in foreign currency and floated abroad. In addition the introduction includes statistics on domestic and foreign bonds outstanding at the end of 1959—68 and sales of domestic bonds in 1959—68.

BANK OF FINLAND

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