



BANK OF FINLAND

Monthly Bulletin

The budget proposal for 1974

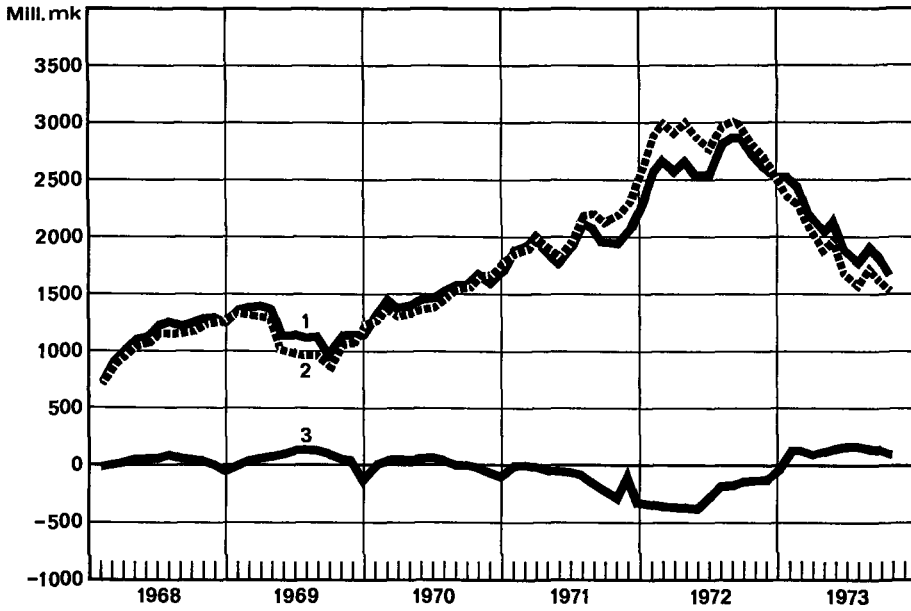
**The free trade agreement between
Finland and the European Economic
Community**

**Trade agreement between Finland and
the U.S.S.R.**

DECEMBER 1973

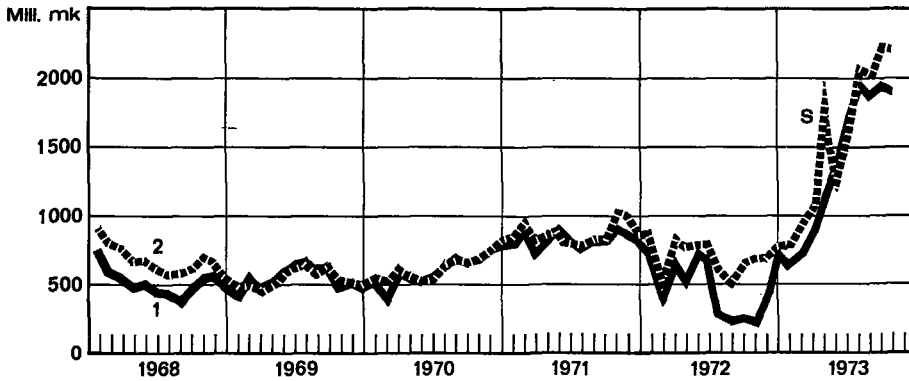
Vol. 47 No. 12

Bank of Finland foreign exchange reserve, 1968 - 1973



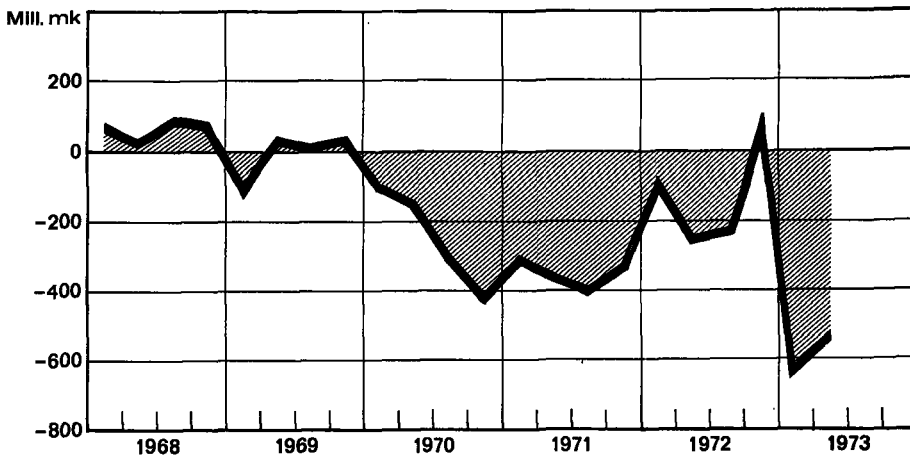
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
- 3. Other currencies

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



- 1. Net claims on the banks
 - 2. Discounted and rediscounted bills
- Seasonally adjusted end-of-month figures

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



Seasonally adjusted quarterly figures

BANK OF FINLAND MONTHLY BULLETIN
INDEX TO VOL. 47, 1973
ARTICLES AND ITEMS

- No. 1 On the occasion of the closing of the 1972 accounts**
Development of Finland's population in 1950—1970 by Mauri Nieminen
Finland's balance of payments January—September 1972
Inflow of long-term capital in January—September 1972
Finland's travel account in January—September 1972
Supplementary budget
- No. 2 The revision of the Finnish foreign exchange regulations**
Recent exchange rate developments and the Finnish mark by Kari Nars and Ralph Jaari
President Kekkonen's term of office extended
- No. 3 The 1973 budget**
Development of the Finnish travel balance by Kerstin Jonsson
- No. 4 The new agricultural price act**
Balance of payments in 1972 by Timo Hämäläinen and Tapio Peura
Direct investment in 1972
Trade agreements
- No. 5 Common labour market of the Nordic countries and emigration**
The Finnish economy in 1972 and the current outlook by Tapio Korhonen, Tuomas Sukse-lainen and Johnny Åkerholm
- No. 6 Agreement on co-operation between Finland and the CMEA**
The educational system in Finland by Timo Lahti
Depreciation of the U.S. dollar against the mark
Finnish bonds in 1972
Supplementary budget
Ministerial change
- No. 7 Structural changes in Finland's wholesale and retail trade**
- Recent financial developments by Seppo Kostiainen and Tapio Korhonen**
Finland's balance of payments January—March 1973
Inflow of long-term capital in January—March 1973
Supplementary budget
Board of Management of the Bank of Finland
- No. 8 Monetary policy in 1972 and 1973**
Public finance in 1972 by Katarina Franssila
- No. 9 SITRA-Finnish National Fund for Research and Development**
The National Board of Trade and Consumer Interests by Bror Wahlroos
Foreign Stand-by Credits
- No. 10 Economic situation**
Half a century of plastics in Finland by Jorma Pohjanpalo
Revision of the foreign exchange regulations
Inflow of long-term capital in January—June 1973
Direct investment in January—June 1973
Gdansk convention
Energy production in Finland in the 1970s: investment, capital and imports required
Revision of the volume index of industrial production
Publications of the Bank of Finland
- No. 11 Finland's foreign trade**
The Finnish basic pensions shemes by Heikki Kaitaranta
Finland's balance of payments January—June 1973
National income
- No. 12 The budget proposal for 1974**
The free trade agreement between Finland and the European Economic Community by Pentti Uusivirta
Trade agreement between Finland and the U.S.S.R.

THE BUDGET PROPOSAL FOR 1974

The key goal for public finance in 1974 is the reduction in the growth of domestic demand. The high rate of capacity utilization and the labour shortage underscore the need for fiscal policy measures designed to restore the balance between supply and demand, so as to neutralize the dangers of overheating. The budget proposal called for total expenditure of about 17 100 million marks, which is estimated to be 3—4 per cent more in volume terms than expenditure budgeted last year. Attempts will be made to curb the growth in domestic demand particularly by reducing public construction. Restraint is to be directed mainly towards investment in road construction and on certain building projects in southern Finland. On the other hand, the central government's investments will be kept on a high level in the development regions.

The Government presented Parliament with the third supplementary budget for 1973 at the same time as it submitted the budget proposal for 1974. The supplementary budget suggested the transfer of 500 million marks of public funds to the counter-cyclical fund. It is intended that the money be used during the following downswing to promote economic growth and employment.

In its budget proposal the Government expressed the view that a longer-range comprehensive incomes and price agreement was necessary for checking further price rises. To create a more solid foundation for reaching such an agreement the Government proposed that income tax scales be revised from the beginning of 1974, so that personal income taxation would be reduced by about 400 million marks during 1974 compared with

amount which would be collected using the present scales. The Government also intends to revise income taxation completely from the beginning of 1975; the tax burden would then be further reduced by 400 million marks compared with the amount collected on the basis of the 1974 scales.

In fiscal policy, attempts will be made to restrain the growth of the current account deficit by reining in the growth of domestic demand and by increasing state subsidies for export activities. The direct impact of the budget proposal on consumer prices will be insignificant. As a result of increased cost pressures, it has been proposed that certain postal, telephone and railway charges be raised.

The greatest increases in expenditure in the 1974 budget proposal are a consequence of reforms now under way in education and health care. Moreover, a number of statutory social security transfer payments will increase rapidly. Attention has also been paid to the position of families with children. Furthermore, the budget proposal includes certain measures which are designed to diversify the structure of production and exports and to even out regional differences in economic activity. For example, more money than ever before has been earmarked for research and product development. Central government budgetary expenditure is presented by functional category in the table.

As a result of favourable economic developments and the progressivity of income taxation, central government revenue has grown rapidly in recent years. For this reason, it has been possible for the Government to base the financing of public expenditure on the pre-

STATE BUDGETARY EXPENDITURE BY FUNCTIONAL CATEGORIES, 1972—1974

	Finance accounts 1972, mill. mk	Budget 1973	Budget proposal 1974	Change on 1973	
				Mill. mk	Per cent
General administration	633	814	933	+ 119	+15
Courts, police, etc.	482	523	610	+ 87	+17
National defence	847	902	1 015	+ 114	+13
Education and culture	2 346	2 602	2 996	+ 394	+15
Social security	1 576	1 631	1 935	+ 305	+19
Public health	1 112	1 253	1 529	+ 276	+22
Housing and community development	807	1 062	1 334	+ 272	+26
Transport and communications	1 793	1 909	2 156	+ 268	+13
Agriculture and forestry	1 652	1 615	1 884	+ 268	+17
Other economic activities	970	676	857	+ 181	+27
Other expenditures	1 752	1 992	1 877	— 114	— 6
Total	13 970	14 979	17 127	+2 148	+14

supposition that income tax scales will be revised in the way presented above. No major changes in other tax bases are planned for 1974. It is estimated in the budget proposal that a total of 600 million marks in long-term

loans will be needed during 1974; these loans are to be taken on both domestic and foreign credit markets.

November 20, 1973

BANK OF FINLAND

Mill. mk

	1972		1973			
	Nov. 30	Dec. 29	Nov. 8	Nov. 15	Nov. 23	Nov. 30
Assets						
Gold and other foreign assets	3 001	2 912	2 248	2 310	2 306	2 328
Gold	205	205	205	205	164	152
Special drawing rights	283	283	285	285	285	285
IMF gold tranche	268	268	268	268	268	268
Foreign exchange	2 035	1 929	1 226	1 284	1 323	1 355
Foreign bills	102	110	101	100	98	100
Foreign bonds	108	117	163	168	168	168
Claims on domestic banks	805	758	2 510	2 359	2 589	2 673
Discounted bills	787	752	2 477	2 299	2 531	2 623
Rediscounted bills	1	1	—	—	—	—
Cheque accounts	17	5	33	60	58	50
Other lending	317	316	351	355	357	355
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	57	44	59	59	62	60
Loans	260	272	292	296	295	295
Other assets	698	607	730	756	725	724
Finnish bonds	132	47	157	181	150	150
Finnish coin	31	25	37	37	37	37
Currency subscription to Finland's quota						
in the IMF	530	530	530	530	530	530
Other claims	5	5	6	8	8	7
Total	4 821	4 593	5 839	5 780	5 977	6 080
Liabilities						
Notes in circulation	1 556	1 730	1 661	1 675	1 722	1 790
Liabilities payable on demand	518	136	249	205	254	308
Foreign exchange accounts	101	78	107	117	97	99
Mark accounts of holders abroad	45	43	52	68	68	71
Cheque accounts						
Treasury	47	1	46	1	45	50
Post Office Bank	312	2	24	0	23	67
Private banks	—	—	—	—	—	—
Other	2	1	3	3	2	2
Other sight liabilities	11	11	17	16	19	19
Term liabilities	926	899	2 237	2 204	2 258	2 245
Foreign	—	—	37	37	38	76
Domestic	926	899	2 200	2 167	2 220	2 169
IMF mark accounts	530	530	530	530	530	530
Allocations of special drawing rights	258	258	258	258	258	258
Equalization accounts	289	286	142	144	187	172
Bank's own funds	744	754	762	764	768	777
Capital	600	600	600	600	600	600
Reserve fund	74	74	114	114	114	114
Profits undisposed	—	—	—	—	—	—
Earnings less expenses (Dec. 31, Net profit)	70	80	48	50	54	63
Total	4 821	4 593	5 839	5 780	5 977	6 080

BANK OF FINLAND

Mill. mk

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1-2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4-5)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7-8)
	1	2	3	4	5	6	7	8	9
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1972									
Sept.	3 034	137	2 897	741	530	3 108	— 2	48	— 50
Oct.	2 881	134	2 747	742	530	2 959	— 2	43	— 45
Nov.	2 791	146	2 645	740	530	2 855	— 2	47	— 49
Dec.	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1973									
Jan.	2 629	70	2 559	748	530	2 777	— 2	43	— 45
Feb.	2 530	70	2 460	740	530	2 670	— 2	47	— 49
March	2 287	75	2 212	737	530	2 419	— 2	41	— 43
April	2 177	73	2 104	752	530	2 326	— 2	46	— 48
May	2 280	90	2 190	762	530	2 422	— 1	41	— 42
June	1 985	75	1 910	771	530	2 151	— 1	5	— 6
July	1 931	96	1 835	791	530	2 096	— 1	44	— 45
Aug.	2 113	156	1 957	777	530	2 204	— 1	29	— 30
Sept.	2 020	176	1 844	763	530	2 077	— 1	50	— 51
Oct.	1 861	169	1 692	768	530	1 930	— 1	49	— 50
Nov.	2 060	170	1 890	798	606	2 082	— 1	50	— 51

FOREIGN EXCHANGE SITUATION

Mill. r.k

	Net holdings, Dec. 31, 1972			Net holdings, Oct. 31, 1973			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.-Oct.
	Cold	205	—	205	205	—	205	—
Special drawing rights	283	—	283	285	—	285	—	+2
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 814	463	2 277	803	315	1 118	—70	—1 159
Other currencies	— 6	— 3	— 9	131	—13	118	—40	+127
Total	2 564	460	3 024	1 692	302	1 994	—110	—1 030

BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks						Other				
	Dis-counted bills	Redis-counted bills	Cheque accounts ¹	Liabilities, Cheque accounts		Net claims on the banks (1+2+3-4-5)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (7+8-9)	Notes in circulation
				Private banks ²	Post Office Bank ²						
1	2	3	4	5	6	7	8	9	10	11	
1966	—	915	—	14	17	884	180	85	72	193	1 106
1967	—	868	—	155	35	678	197	383	56	524	1 052
1968	—	618	107	163	16	546	186	195	43	338	1 160
1969	—	550	87	93	12	532	192	269	25	436	1 298
1970	827	9	3	1	4	834	137	246	528	-145	1 344
1971	848	1	—	9	2	838	121	234	908	-553	1 479
1972	752	1	5	—	2	756	44	277	909	-588	1 730
1972											
Sept.	661	1	15	—	388	289	63	248	977	-666	1 557
Oct.	753	1	29	—	507	276	65	262	949	-622	1 507
Nov.	787	1	17	—	312	493	57	265	937	-615	1 556
Dec.	752	1	5	—	2	756	44	277	909	-588	1 730
1973											
Jan.	621	1	9	—	18	613	40	273	911	-598	1 497
Feb.	828	1	56	—	162	723	40	275	900	-585	1 521
March	986	1	17	—	16	988	41	291	891	-559	1 562
April	2 036	1	—	3	768	1 266	43	293	1 033	-697	1 937
May	1 363	1	—	4	22	1 338	47	297	1 030	-686	1 795
June	1 696	1	25	—	1	1 721	50	301	1 211	-860	1 829
July	2 060	0	60	—	156	1 964	51	297	1 477	-1 129	1 695
Aug.	1 776	0	8	—	5	1 779	52	295	1 646	-1 299	1 693
Sept.	2 221	—	22	—	199	2 044	54	296	1 739	-1 389	1 773
Oct.	2 363	—	54	—	320	2 097	57	302	1 730	-1 371	1 683
Nov.	2 623	—	50	—	67	2 606	60	302	2 189	-1 827	1 790

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

SELLING RATES FOR FOREIGN EXCHANGE

Mk

November 23, 1973

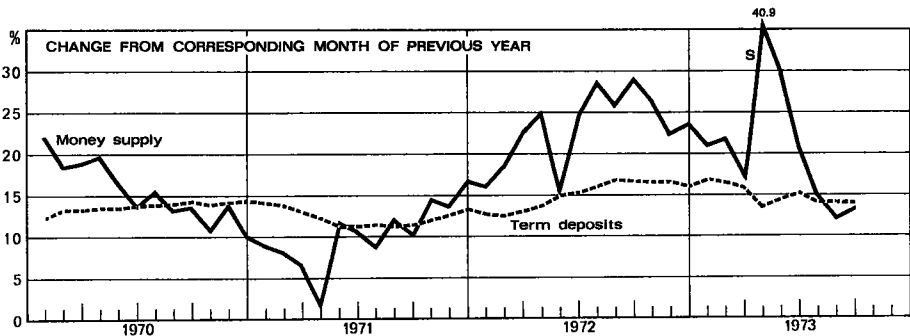
New York ¹	1 \$	3.810	Frankfurt o. M.	100 DM	144.10	Vienna	100 S	19.70
Montreal	1 \$	3.818	Amsterdam	100 Fl	138.90	Lisbon	100 Esc	15.40
London	1 £	9.040	Brussels ²	100 Fr		Reykjavik	100 Kr	4.48
Stockholm	100 Kr	85.80	Zurich	100 Fr	118.85	Madrid	100 Pta	6.68
Oslo	100 Kr	67.50	Paris ³	100 FF		Moscow ⁵	1 Rbl	5.033
Copenhagen	100 Kr	61.60	Rome ⁴	100 Lit	0.6350			

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.² 9.640 commercial rate; 9.640 financial rate.³ 84.80 commercial rate; 82.90 financial rate.⁴ Clearing account; also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

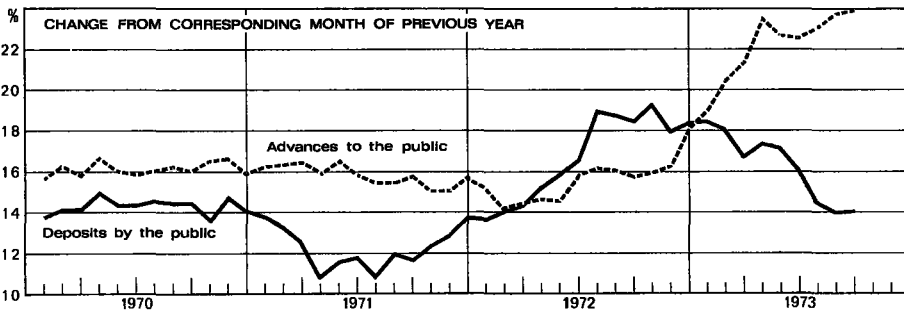
End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972*	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8
1972*										
Sept.	1 568.9	2 009.4	852.1	7 491.7	5 882.5	4 270.0	1 669.2	695.4	20 008.8	22 870.3
Oct.	1 735.6	2 181.9	793.0	7 567.4	5 934.6	4 311.5	1 693.8	697.2	20 204.5	23 179.4
Nov.	1 689.1	2 140.7	797.0	7 658.3	6 018.3	4 396.2	1 727.8	700.9	20 501.5	23 439.2
Dec.	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8
1973*										
Jan.	1 849.2	2 315.5	944.6	8 190.6	6 327.8	4 583.8	1 839.0	729.6	21 670.8	24 930.9
Feb.	1 796.9	2 261.8	1 047.7	8 221.3	6 399.2	4 655.8	1 866.7	737.5	21 880.5	25 190.0
March	1 649.4	2 132.3	989.5	8 197.1	6 412.9	4 672.2	1 869.7	742.3	21 894.2	25 016.0
April	1 660.4	2 144.0	1 488.1	8 028.9	6 325.3	4 647.3	1 892.5	747.5	21 641.5	25 273.6
May	1 919.5	2 512.9	1 037.9	8 259.6	6 462.6	4 712.7	1 893.8	753.0	22 081.7	25 632.5
June	1 816.1	2 292.4	1 092.5	8 345.6	6 490.8	4 699.2	1 926.3	752.0	22 213.9	25 598.8
July	1 754.2	2 236.9	1 041.5	8 326.0	6 506.9	4 735.7	1 950.5	757.7	22 276.8	25 555.2
Aug.	1 677.3	2 192.3	1 025.7	8 401.2	6 610.8	4 831.8	1 874.3	763.4	22 581.5	25 799.5
Sept.	1 630.7	2 155.5	1 098.0	8 442.8	6 689.7	4 924.3	1 994.5	783.9	22 835.2	26 088.7
Oct.	1 690.5	2 234.4	932.0	8 524.6	6 756.3	5 013.2	2 017.6	783.2	23 094.9	26 261.3



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances			Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Mortgage banks	Loans & Bills	Cheque credits			
	1	2	3	4	5	6	7	8	9	
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181	
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146	
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642	
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126	
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445	
1971	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025	
1972*	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 959	
1972*										
Sept.	10 038.7	5 253.3	4 269.7	2 095.4	2 135.6	22 957.3	835.4	23 792.7	4 408	
Oct.	10 214.8	5 335.2	4 357.3	2 087.0	2 171.6	23 370.8	795.1	24 165.9	4 422	
Nov.	10 386.3	5 429.3	4 417.6	2 107.8	2 229.2	23 758.6	811.6	24 570.2	4 418	
Dec.	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 959	
1973*										
Jan.	10 788.6	5 590.5	4 525.4	2 344.4	2 438.0	24 878.1	808.8	25 686.9	4 627	
Feb.	11 007.4	5 659.5	4 593.6	2 399.7	2 446.4	25 249.9	856.7	26 106.6	4 757	
March	11 284.3	5 732.6	4 626.6	2 538.3	2 450.7	25 699.4	933.1	26 632.5	4 644	
April	11 839.6	5 829.5	4 681.0	2 648.4	2 490.1	26 490.4	998.2	27 488.6	5 584	
May	11 805.2	5 876.4	4 730.2	2 777.4	2 486.8	26 806.2	869.8	27 676.0	5 225	
June	12 074.3	5 954.0	4 788.3	2 790.3	2 510.9	27 180.8	937.0	28 117.8	5 170	
July	12 238.0	6 005.7	4 833.9	2 854.7	2 547.8	27 520.3	959.8	28 480.1	4 883	
Aug.	12 419.3	6 096.5	4 908.2	2 915.1	2 565.5	27 928.1	976.5	28 904.6	4 791	
Sept.	12 702.8	6 202.6	5 009.5	3 023.8	2 573.6	28 451.7	1 060.6	29 512.3	5 004	
Oct.	12 968.1	6 320.2	5 116.5	3 173.2	2 592.9	29 142.5	1 028.4	30 170.9	4 749	



STATE FINANCES

Mill. mk

Revenue	Jan.—Sept.		Expenditure	Jan.—Sept.	
	1972	1973		1972	1973
Income and property tax (net)	3 267	4 291	Wages, salaries, pensions etc.	1 737	1 980
Gross receipts	(6 978)	(8 708)	Repair and maintenance	258	269
Refunds & local authorities	(—3 711)	(—4 417)	Other consumption expenditure	717	829
Other taxes on income and property	66	86	Total consumption expenditure	2 712	3 078
Employers' child allowance payments	326	381	State aid to local authorities	1 397	1 807
Sales tax	2 643	3 047	State aid to industries	1 118	1 177
Revenue from Alcohol Monopoly	608	738	of which: agric. price subsidies	(826)	(784)
Customs duties & import charges	315	407	Child allowances	276	276
Counter-cyclical tax	3	—	Share in national pensions and health insurance	190	177
Excise duty on tobacco	373	370	Other transfer expenditure	1 166	1 367
» » on liquid fuel	579	547	Total transfer expenditure	4 147	4 804
Other excise duties	260	316	Machinery and equipment	350	384
Tax on autom. and motor cycles	300	473	House construction	215	240
Stamp duties	199	256	Land and waterway construction	689	765
Special diesel etc. vehicles tax	45	44	Total real investment	1 254	1 389
Other taxes and similar revenue ¹	215	269	Interest on State debt	187	200
Total taxes	9 199	11 225	Index compensations	23	23
Miscellaneous revenue	772	680	Net deficit of State enterprises	102	115
Interest, dividends etc.	224	236	Other expenditure	13	13
Sales and depreciation of property	—	3	Total other expenditure	325	351
Redemptions of loans granted	150	160	Increase in inventories	77	—20
Total revenue	10 345	12 304	Lending	735	992
Foreign borrowing	140	11	Other financial investment	182	216
Domestic borrowing	339	190	Total expenditure	9 432	10 810
Total borrowing	479	201	Redemption of foreign loans	133	138
Deficit (+) or surplus (—)	(—892)	(—978)	Redemption of domestic loans	367	579
			Total redemptions	500	717
Total	9 932	11 527	Total	9 932	11 527

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

State debt	1969	1970	1971	1972	1973		
	Dec.	Dec.	Dec.	Dec.	August	Sept.	Oct.
Foreign debt	1 656	1 557	1 524	1 517	1 513	1 486	1 446
Lonas	2 316	2 437	2 467	2 268	1 928	1 921	1 818
Compensatory obligations	4	3	2	2	1	1	1
Short-term credit	158	46	61	56	39	39	39
Cash debt (net)	—217	—284	—528	—488	—473	—406	..
Domestic debt	2 261	2 202	2 002	1 838	1 495	1 555	..
Total State debt	3 917	3 759	3 526	3 355	3 008	3 041	..
Total debt, mill \$	933	900	849	804	819	819	..

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1967	5 231	5 794	- 563
1968	6 874	6 711	+ 163
1969	8 345	8 505	- 160
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972*	12 082	13 107	-1 025

1972*

Nov.	1 135	1 257	-122
Dec.	1 175	1 207	- 32

1973*

Jan.	1 055	1 391	- 336
Feb.	1 079	1 104	- 25
March	1 167	1 384	- 217
April	938	1 287	- 349
May	1 336	1 461	- 125
June	925	1 107	- 182
July	1 094	1 207	- 113
Aug.	1 218	1 404	- 186
Sept.	1 366	1 474	- 108

Jan.-Sept.

1972*	8 753	9 428	- 675
1973*	10 178	11 819	-1 641

Indices of exports and imports 1962 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1967	129	135	115	
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104
1972*	197	196	174	170	102

1971

Apr.-June	157	182	166	156	106
July-Sept.	176	184	162	158	103
Oct.-Dec.	198	223	166	163	102

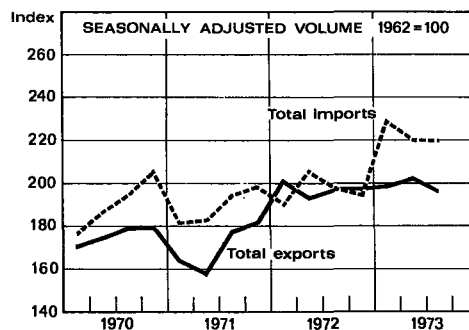
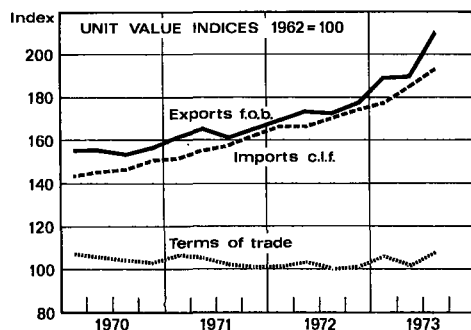
1972

Jan.-Mar.	192	179	170	167	102
Apr.-June	187	200	174	167	104
July-Sept.	197	190	173	171	101
Oct.-Dec.	212	215	178	175	102

1973¹

Jan.-Mar.	197	222	190	178	107
Apr.-June	190	211	191	186	103
July-Sept.	197	214	211	194	109

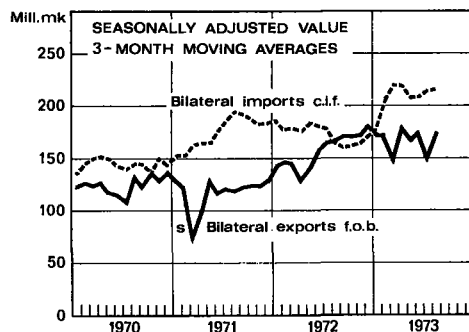
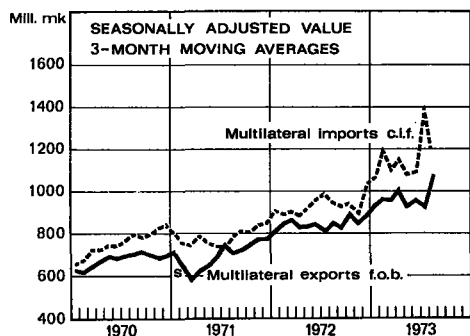
¹ The 1973 figures have been calculated by converting the final 1972 Fisher index with the percentage change in the 1973-1972 Laspeyres index.



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agri-cultural 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
1967	261	54	866	2 384	1 081	585	2 546	668	1 463	1 117
1968	327	56	1 158	2 994	1 566	773	3 023	874	1 525	1 289
1969	360	72	1 400	3 374	2 012	1 127	3 693	949	2 229	1 634
1970	426	88	1 544	3 789	2 437	1 403	4 918	1 243	2 906	2 004
1971	547	89	1 653	3 721	2 323	1 564	4 639	1 557	3 427	2 111
1972*	634	56	1 824	4 253	3 246	2 069	5 238	1 626	3 586	2 657
1972*										
Nov.	41	9	189	380	310	206	508	162	313	274
Dec.	72	3	186	438	281	195	523	139	303	242
1973*										
Jan.	89	6	175	359	261	165	556	164	364	307
Feb.	24	6	159	398	308	184	444	86	311	263
March	83	3	166	424	271	220	532	101	415	336
April	49	5	142	350	218	174	501	125	344	317
May	71	6	202	463	388	206	580	117	458	306
June	34	3	103	249	369	167	454	123	308	222
July	30	4	193	412	296	159	474	174	343	216
Aug.	34	7	274	510	204	189	587	186	369	262
Sept.	33	12	262	481	325	253	640	173	375	286
Jan.-Sept.										
1972*	476	40	1 279	3 092	2 398	1 468	3 727	1 158	2 661	1 882
1973*	447	52	1 676	3 646	2 640	1 717	4 768	1 249	3 287	2 515



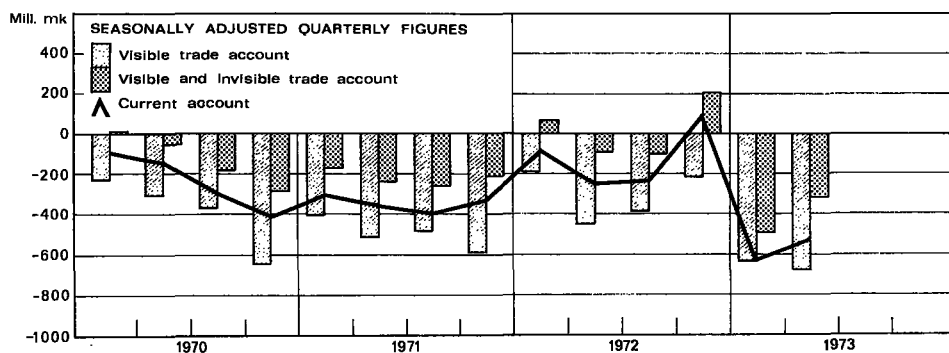
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—September				January—September			
	1972*		1973*		1972*		1973*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	72.5	6 343	71.8	7 311	74.4	7 011	73.5	8 688
Austria	0.9	83	1.2	119	1.5	145	1.7	199
Belgium-Luxembourg	2.0	176	1.8	186	1.8	173	2.2	264
Denmark	3.8	328	4.3	443	3.1	296	3.6	425
France	4.0	353	4.1	419	3.7	350	3.4	405
Federal Republic of Germany	10.3	902	10.9	1 106	17.9	1 691	18.7	2 209
Italy	1.5	131	1.7	176	2.0	188	1.9	224
Netherlands	3.6	317	4.0	413	3.7	343	3.4	405
Norway	3.9	337	3.7	375	3.0	281	2.6	310
Portugal	0.3	25	0.4	38	0.8	70	0.8	98
Spain	1.0	88	1.1	109	0.6	52	0.6	76
Sweden	18.3	1 601	15.0	1 529	18.7	1 758	19.3	2 279
Switzerland	2.1	179	2.1	210	3.4	322	3.3	388
United Kingdom	18.3	1 601	19.9	2 022	13.9	1 313	11.4	1 342
Other	2.5	222	1.6	166	0.3	29	0.6	64
OECD countries outside Europe	6.9	600	6.6	675	6.8	638	8.0	941
Canada	0.8	68	0.6	61	0.3	25	0.4	40
Japan	0.5	41	0.7	73	1.9	182	2.5	299
United States	4.9	428	4.5	460	4.2	392	4.9	580
Other	0.7	63	0.8	81	0.4	39	0.2	22
CMEA countries	14.1	1 235	13.7	1 389	15.2	1 439	15.0	1 773
Czechoslovakia	0.5	44	0.4	38	0.5	46	0.6	64
Democratic Republic of Germany	0.5	40	0.6	56	0.6	58	0.5	62
Poland	0.7	66	0.9	93	1.2	117	1.3	153
Soviet Union	11.6	1 013	11.1	1 127	11.9	1 122	11.6	1 374
Other	0.8	72	0.7	75	1.0	96	1.0	120
Latin America	2.0	179	2.1	218	1.6	152	1.5	177
Argentina	0.4	34	0.4	41	0.1	10	0.0	5
Brazil	0.7	65	0.7	67	0.5	44	0.5	56
Colombia	0.2	16	0.1	13	0.5	47	0.5	60
Other	0.7	64	0.9	97	0.5	51	0.5	56
Other	4.5	396	5.8	585	2.0	188	2.0	240
GRAND TOTAL	100.0	8 753	100.0	10 178	100.0	9 428	100.0	11 819
of which								
EFTA countries	25.6	2 238	22.6	2 296	27.5	2 590	27.9	3 295
EEC countries	44.3	3 877	47.6	4 840	46.2	4 360	44.9	5 302
OECD countries	79.4	6 943	78.4	7 986	81.2	7 649	81.5	9 629

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1970	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
1971	9 845	11 762	-1 917	+660	+247	+66	-944	-477	-1	-1 422
1972	12 012	13 087	-1 075	+731	+335	+72	+63	-586	+43	-480
Jan.-Mar										
1970 ^f	2 074	2 309	-235	+192	-9	-3	-55	-86	-11	-152
1971 ^f	2 168	2 536	-368	+208	-13	+19	-154	-135	-1	-290
1972	2 870	2 960	-90	+217	+3	+1	+131	-142	-22	-33
1973*	3 301	3 868	-567	+229	-5	+15	-328	-149	-14	-491
Apr.-June										
1970 ^f	2 429	2 721	-292	+180	+10	+0	-102	-96	+1	-197
1971 ^f	2 291	2 797	-506	+141	+47	+21	-297	-118	-1	-416
1972	2 856	3 298	-442	+162	+57	+46	-177	-155	-8	-340
1973*	3 182	3 842	-660	+196	+48	+5	-411	-200	-23	-634
July-Sept.										
1970 ^f	2 469	2 690	-221	+180	+109	-4	+64	-110	-1	-47
1971 ^f	2 501	2 864	-363	+159	+166	+16	-22	-119	-4	-145
1972	2 978	3 195	-217	+170	+191	+19	+163	-140	+20	+43
Oct.-Dec.										
1970 ^f	2 662	3 379	-717	+164	+32	+24	-497	-105	-7	-609
1971 ^f	2 885	3 565	-680	+152	+47	+10	-471	-105	+5	-571
1972	3 308	3 634	-326	+182	+84	+6	-54	-149	+53	-150

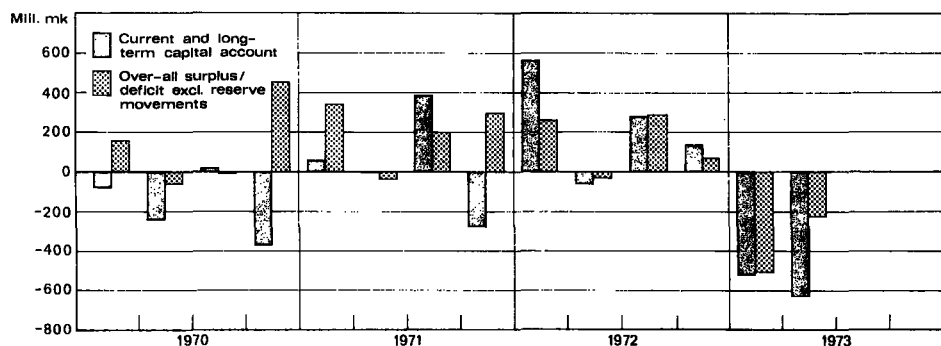


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 ²	+545	-563	+ 18
+2 730	-855	-208	- 85	+1 582	+160	+387	+197	+ 62 ²	+806	-555	-251
+3 014	-1 228	-376	-106	+1 304	+824	+104	- 90	-247 ²	+591	-271	-320
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23	+157	-240	+ 83
+ 609	-228	- 5	-17	+359	+ 69	+ 21	+329	- 77	+342	-314	- 28
+ 968	-273	-115	+17	+597	+564	-152	- 27	-124 ²	+261	-327	+ 66
+ 365	-396	+ 34	-24	- 21	-512	+ 20	+ 7	- 22	-507	+353	+154
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 596	-201	- 11	-30	+354	- 62	-140	+146	+ 19	- 37	+ 99	- 62
+ 655	-180	-192	- 5	+278	- 62	+ 92	+ 25	- 84	- 29	+ 37	- 8
+ 308	-265	- 48	- 9	- 14	-648	+ 94	+323	+ 4	-227	+301	- 74
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 869	-252	- 89	+ 5	+533	+388	- 60	+ 21	-150	+199	- 35	-164
+ 628	-327	- 41	-25	+235	+278	+265	-124	-131	+288	-314	+ 26
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 656	-174	-103	- 43	+336	-235	+566	-299	+270	+302	-305	+ 3
+ 763	-448	- 28	- 93	+194	+ 44	-101	+ 36	+ 92	+ 71	+333	-404

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

¹ Including Direct investment, net.

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



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	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1970	297	300	286	299	317	290	329	290	283	138	146	126
1971	312	315	302	309	361	304	346	295	303	149	162	134
1972	338	342	325	330	400	334	370	318	332	161	182	141
1973												
Feb.	367	370	357	361	413	364	403	351	356	169	190	149
March	372	374	365	367	429	365	405	358	362	171	190	152
April	374	376	369	369	430	367	403	362	365	175	191	160
May	382	383	375	379	438	372	407	377	369	180	191	170
June	389	391	380	390	441	374	415	390	372	183	191	176
July	404	408	390	406	456	389	439	406	382	192	213	179
Aug.	408	412	391	414	456	388	440	414	384	198	213	188
Sept.	421	426	401	437	466	388	466	425	391	202	213	194
Oct.	427	433	408	448	469	390	476	429	397	204	214	198

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
1970	223	175	115	116	115	109	115	121	115	113	113	115
1971	237	186	122	121	119	112	125	141	119	125	119	125
1972	254	199	131	133	125	118	131	147	126	135	128	135
1973												
Feb.	267	210	138	141	131	126	136	151	132	142	132	142
March	269	211	139	142	132	126	137	153	133	142	133	143
April	272	214	140	143	137	127	140	155	135	143	136	145
May	277	218	143	147	137	128	142	157	135	147	137	147
June	280	220	144	150	137	128	143	158	136	148	139	150
July	288	226	148	152	138	128	161	158	137	152	139	151
Aug.	292	229	151	154	138	131	164	159	139	155	141	152
Sept.	295	231	152	156	135	133	167	162	140	154	142	153
Oct.	297	233	153	156	135	135	170	165	140	155	143	154

WAGES

Index of salary and wage earnings 1964 = 100

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

PRODUCTION

Volume indices of production 1964 = 100

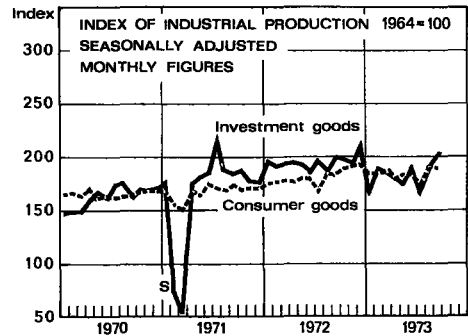
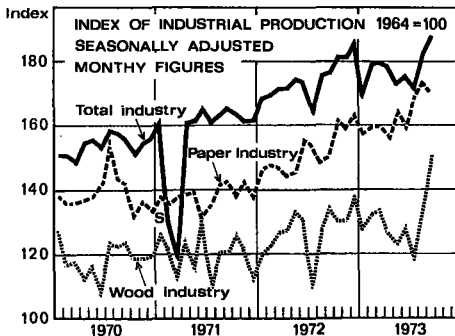
Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1970	132	154	96	111	141	98	132	132	129	128	134
1971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

PRODUCTION

Index of industrial production 1970 = 100¹

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

¹ New series, see explanations on page 18.



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Total labour force, 1 000 persons	Employed 1 000 persons	Unemployed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1968 = 100	Wholesalers' volume index 1968 = 100	Indicator of traffic activity 1964 = 100
1968	2 188	2 100	88	4.0	31 859	100	100	106
1969	2 189	2 127	62	2.8	35 338	108	117	118
1970	2 194	2 153	41	1.9	39 267	114	130	125
1971	2 199	2 150	49	2.2	36 238	118	137	122
1972*	2 206	2 149	57	2.6	31 441	128	151	132
1972*								
Nov.	2 190	2 142	50	2.3	2 367	134	169	147
Dec.	2 187	2 132	55	2.5	3 328	177	173	138
1973 ¹								
Jan.	2 127	2 055	72	3.4	3 257	116	140	141
Feb.	2 116	2 047	69	3.3	3 529	117	153	123
March	2 111	2 048	63	3.0	4 175	132	176	137
April	2 120	2 060	60	2.8	4 088	125	160	..
May	2 177	2 128	49	2.3	2 446	131	174	..
June	2 365	2 315	50	2.1	1 461	139	151	..
July	2 379	2 333	46	1.9	818	134	141	..
Aug.	2 303	2 261	42	1.8	1 216

¹ See explanations on page 18.

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1970	41.42	17.96	3.72	15.56	2.36	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	2.60	37.35	15.79	3.16	13.88	2.91	37.64
1972*	47.73	20.56	3.08	17.04	4.28	39.72	18.02	2.81	14.13	2.96	39.29
1972*											
Jan.-Mar.	7.31	2.73	0.55	3.20	0.48	7.95	3.23	0.33	3.44	0.75	34.34
Apr.-June	13.52	6.22	1.55	3.91	0.85	8.28	4.21	0.35	2.64	0.68	39.33
July-Sept.	13.44	6.11	0.55	4.89	1.17	9.90	4.49	0.83	3.18	0.75	40.93
Oct.-Dec.	13.46	5.50	0.43	4.88	1.78	13.32	5.94	1.26	4.83	0.77	39.29
1973*											
Jan.-Mar.	10.62	3.99	0.80	4.85	0.50	8.07	3.71	0.42	3.17	0.51	38.65
Apr.-June	16.97	7.85	1.73	5.82	0.62	6.51	3.27	0.33	2.08	0.37	47.39

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

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

Page 5. *Other advances* = Inland bills discounted in foreign currency + Loans + Other claims (excl. Treasury's IMF and IBRD bills and Advances for stand by stocks). *Liabilities* = Other cheque accounts + Other sight liabilities + Domestic term liabilities — Cash reserve accounts — Export levies (net).

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

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

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative banks.

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

STATE FINANCES

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

FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9): The indices are 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. *Foreign trade by countries* (p. 11): imports by countries of purchase, exports by countries of sale.

BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports

include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

PRICE INDICES

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

WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office.

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

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

Page 17. *Labour* figures supplied by the Central Statistical Office. As of the beginning of 1973, the figures for the labour force, the employed labour force and the rate of unemployment are not fully comparable to the previous figures. The sample population used in the Labour Force Sample Survey was changed to accord with the data provided by the demographic forecast made in 1973. In January 1973, the labour force was estimated to be about 30 000 persons smaller, and the seasonally unadjusted rate of unemployment about 0.1 percentage point lower, than the corresponding figures derived with the aid of the former sample population.

Commercial timber fellings compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Indicator of traffic activity* calculated by the Bank of Finland. Figures are weighted averages of the sea, air, railway and road traffic. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

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

INTERNATIONAL ORGANIZATIONS

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

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1972): 4.6 million. Sweden 8.1, Switzerland 6.4, Denmark 5.0 and Norway 3.9 million.

DENSITY OF POPULATION (1972:): In South Finland 44.4 in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.2 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1972): 55 % of the population inhabit the rural areas, 45 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 507 700 inhabitants, Tampere (Tammerfors) 162 800, Turku (Åbo) 158 300.

EMPLOYMENT (1972): Agriculture and forestry 19 %, industry and construction 35 %, commerce 15 %, transport and communications 7 %, services 24 %.

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

EDUCATION (1972): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) 11 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1972): births 12.7 ‰, deaths 9.6 ‰, change + 4.3 ‰, net immigration 1.2 ‰. Deaths in France 10.6 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1972, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 225 (7 %), forestry and fishing 2 721 (6 %), manufacturing 15 147 (31 %),

construction 4 703 (10 %), transport and communication 4 750 (10 %), commerce, banking and insurance 6 174 (13 %), public administration 2 191 (4 %), ownership of dwellings 2 538 (5 %), services 6 891 (14 %), total 48 340. Index of real domestic product 143 (1964 = 100).

FOREST RESOURCES (1972): The growing stock comprised of 1 481 million m³ (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 619 million m³ was up to the standard required for logs, 55 % of these being pine. The annual growth was 56.2 million m³ and the total removal, calculated on the basis of roundwood consumption, was 54.3 million m³.

AGRICULTURE (1972): Cultivated land 2.7 million hectares. Number of holdings 286 500, of which 189 100 are of more than 5 ha. Measure of self-sufficiency in bread cereals 105 % in the crop year 1972/73.

INDUSTRY (1971). Gross value of industrial production 29 705 mill. marks, number of workers 395 501, salaried employees 105 915, motive power (1971) 5.5 mill. kW. Index of industrial production 101 for 1971 (1970 = 100).

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

MERCHANT FLEET (Oct. 31, 1973): Steamers 30 (29 700 gross reg. tons), motor vessels 382 (765 600 gross reg. tons), tankers 57 (731 700 gross reg. tons), sailing vessels with auxiliary engines 3 (500 gross reg. tons). Total 472 (1 527 500 gross reg. tons).

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

FINNISH AIRLINES (March 31, 1973): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6s, 8 Super Caravelles 8 DC-9s and 5 Convair Metropolitan. Companies have scheduled traffic outside of Finland to 25 airports and to 18 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). Since Oct. 12, 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Since Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar has been applied.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31, 1972). There are two big and five small commercial banks with in all 837 offices, 302 savings banks, 406 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-nine private insurance companies also grant credits.

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

THE FREE TRADE AGREEMENT BETWEEN FINLAND AND THE EUROPEAN ECONOMIC COMMUNITY

by Pentti Uusivirta, LL.M.¹

In the 1960s one of the major features of trade policy in Europe was the concentration of international cooperation within the framework of the European Economic Community, the European Free Trade Agreement and the Council for Mutual Economic Assistance. By the middle of 1968, the EEC found it possible to abolish internal customs duties and to unify tariff protection against non-member countries. EFTA was formed in 1960; Finland concluded an agreement with it in 1961, and internal tariffs were abolished by the end of 1966. This agreement with EFTA insured that Finland could continue to export to her major customer, the United Kingdom, on conditions similar to those negotiated by Finland's chief competitors. This agreement also allowed scope for the diversification of Finland's exports throughout the EFTA area and particularly in Scandinavia.

When in 1969 the EEC decided to begin negotiations with the EFTA countries which had applied for membership, it also expressed its readiness to start discussions on trade arrangements with the other EFTA members, Finland thus again found herself in a situation where she was in danger of losing her competitive position in the former EFTA area and, in addition, of seeing her exports to the EEC being placed at a disadvantage relative to those of her old EFTA partners.

The President of the Republic, Mr. Urho Kekkonen, commented on this matter when he opened the 1970 Parliament:

»Our economic interest demands that we maintain and improve our competitive ability everywhere and in all directions. In itself this aim entirely agrees with the implementation of

our policy of neutrality; indeed it is an important prerequisite for it. An overwhelming portion of Finland's foreign trade goes to EFTA, the EEC and the Socialistic countries. Our association with EFTA and our long-term agreements with the Socialistic countries have favourably influenced our foreign trade. The question of the enlargement of the EEC has made us aware of possible changes in the market arrangements in Europe, and we must take care to maintain our competitiveness also in this direction.»

On this basis Finland negotiated a free trade agreement with the EEC at the same time as Sweden, Switzerland, Austria, Portugal and Iceland. These agreements which are similar in their main outlines, were initialled in July 1972 and signed in the same month with the exception of the one negotiated by Finland, which was signed on October 5, 1973.

The United Kingdom, Denmark, Ireland and Norway brought their negotiations to an end in January 1972; with the exception of Norway, all these countries became members of the Community on January 1, 1973. On the basis of a referendum held in Norway, this country decided against membership in the EEC. Following this, Norway negotiated with the EEC a free trade agreement which came into force on July 1, 1973.

In November the Finnish Parliament adopted the agreement and it will become effective on January 1, 1974. From this date Finland's trading relations with the EEC will be similar to that of the other non-applicant EFTA countries, while the EFTA countries will continue their free trade.

¹ Mr. Uusivirta has been acting as a consultant to the Bank of Finland from the beginning of August, 1973 and will become a member of the Board of Management of the Bank of Finland on January 1, 1974.

As European commercial integration has progressed, Finland has consistently attempted to

safeguard her economic interests and to fulfill the obligations imposed by her policy of neutrality and by various international agreements which she has signed. The aims of the country and the basis for discussion of a free trade agreement with the EEC were set forth at the beginning of the negotiations:

- as a neutral country Finland does not aim at membership or at arrangements which would lead to membership;
- our aims are limited and we seek a solution which safeguards our competitive position in the expanding European market and which is purely commercial, well balanced from the economic point of view and in agreement with our international commitments;
- Finland retains under all circumstances its national freedom of decision in matters of trade policy as well as in other fields;
- for industrial products, we aim at a free trade arrangement which is in accordance with Article 24 of the General Agreement on Tariffs and Trade, and one which will not be enlarged for the sake of harmonization or general development;
- without participating in the agricultural policy of the EEC we in principle support measures which will help to safeguard the continuation of trade in agricultural products within the enlarged EEC and the remaining EFTA countries;
- the continuation of free trade within EFTA must be safeguarded;
- the continuation of our trade with the USSR must be secured and the traditional arrangements connected with it must be retained; also the opportunity to develop this trade must be safeguarded;
- the continuation and the development of cooperation between the Nordic countries must be safeguarded and it is our understanding that free trade between the Nordic countries will be retained;

- the tasks of the administrative organ shall be limited to the application of the free trade agreement and to the supervision of its functioning;
- Finland does not aim at a participation in the activities of the various organs of the EEC.

The negotiations carried on between Finland and the EEC led to an agreement which was satisfactory to both parties.

By this agreement a free trade area is created, and most duties will be abolished on July 1, 1977. The agreement stipulates that, with a few temporary exceptions, free trade will be maintained between Finland and the EFTA countries which joined the EEC. Moreover free trade arrangements will be enlarged to include the original EEC countries and Ireland. In principle all industrial products which belong to headings 25—99 of the Brussels nomenclature, are covered. This means that a substantial proportion of trade between Finland and the EEC will be duty free. The progressive abolition of tariffs will take place in keeping with traditional provisions on the prevention of distortions and on procedures for dealing with difficulties which arise. The agreement is in accordance with the provisions of Article 24 of GATT.

The provisions of the agreement do not touch upon either party's independent power of decision in their economic and social policies or in their relations with third countries. Finland's right of action in trade and tariff policy with a view to third countries is in no way compromised: the Finnish Government will continue its multilateral and bilateral attempts to further international trade and economic cooperation and to find solutions to the problems facing the developing countries.

A Joint Committee will be established to carry out the specific tasks set forth in the agreement. This body, which is composed of representatives of both parties, will be responsible for the administration and the smooth execution of the agreement, and its actions will be based on unanimous decisions.

The aim of the contracting parties is to foster the stability of international relations which are being diversified continuously. This goal is reflected in the preamble which states that no provision of the agreement may be taken to mean that the contracting parties are exempt from the obligations devolving upon them under other international agreements.

Since all the EFTA countries have concluded an agreement with the EEC, Finland's free trade agreement allows the country to retain its competitive position in Europe; in addition, further development and diversification of our industry and economy as a whole are made easier.

The agreement provides for a normal transition period of 3 ½ years which will lead to the abolition of tariffs by July 1, 1977. During this period Customs duties will be reduced for Finland's exports of such labour intensive goods as metal industry products, textile and clothing industry products, shoe and leather industry goods, glass, rubber, and drug industry products; as well as the products of certain capital intensive fields such as wood board and chemical industries. During the longer transition period, which ends January 1, 1984, tariffs on exports of the more capital intensive paper industry products will be lowered. During the normal transition period, Finland will dismantle the tariff protection for semi-finished articles and investment goods as well as for consumer goods and finished articles other than those considered to be sensitive products because of their impact on Finland's competitive position. During the longer transition period, which ends January 1, 1985, tariff protection will be dismantled on products included in Finland's list of sensitive products. On the whole the production of these sensitive goods is labour intensive. An asymmetric transition period has been agreed for a small category of other products. This will be until January 1, 1980 for Finland's exports to the EEC and until January 1, 1981 for the Community's exports to Finland. Products requiring a longer transition period were selected by weighing employment considerations and by trying to ensure that Fin-

land's processing industry would not be placed in an unnecessarily difficult position.

In this way it has been possible to ensure certain relatively young and growing industries of needed protection and to encourage adjustment in certain other branches which will grow only slowly and to balance the long transition period for our main exports.

The agreement contains detailed rules of origin which are applied also in the trade between the EFTA countries, as well as provisions on competition and security, which have been formulated to ensure the smooth functioning of the agreement.

As in the treaty with EFTA, Finland is allowed by the new agreement to maintain quantitative restrictions on fuels and certain fertilizers.

Although the agreement covers only trade in industrial products, both the Community and Finland have expressed their readiness to foster trade in agricultural products, and if difficulties occur, endeavours will be made to solve them in an objective manner. Consequently, the agreement offers a new foundation for maintaining and promoting Finland's agricultural exports.

As there was no question about Finland's retention of her autonomous right of decision and of her commercial freedom of action, the negotiations centred on the purely economic conditions of the agreement. In our opinion the agreement will safeguard Finland's essential trade interests in a new situation.

Since the EEC cannot conclude an agreement on products covered by the European Coal and Steel Community Treaty, Finland and this Community as well as its member states have concluded a separate agreement on these products. On the whole this agreement corresponds to the one concluded with the EEC.¹

¹ Copies of the English version of these agreements can be obtained from the Bank of Finland.

ITEMS

Trade agreement between Finland and the U.S.S.R. On November 20, 1973 an agreement was signed in Moscow between Finland and the U.S.S.R. governing the exchange of goods for the year 1974. This is the fourth agreement within the framework of the fifth five-year pact covering the period 1971—1975 which was signed in August, 1969. The value of the total exchange of goods in 1974 is estimated to come to about 4 200 million marks (ca. 800 million roubles) which involves an increase of some 18 per cent over the current year.

Finnish exports of machinery and equipment will increase from 420 million marks to 630 million. Finland will deliver complete machinery and equipment for three chipboard factories each with an annual capacity of 250 000 m³, for three chipboard factories each with an annual capacity of 100 000 m³ and for two factories producing copying paper and special printing paper. In addition Finland will deliver various types of machinery for different industries, lifting and transport equipment, radio-telecommunication equipment and computers, electrical machinery and machinery for power stations, household machines and various metal industry products. The export list includes 17 ships: one icebreaker of 36 000 hp, three timber transport vessels, one ocean going tanker of 6 500 dWt, two ro-ro type

carriers of 5 500/6 500 dWt, one ro-ro type carrier of 21 000 dWt, two ocean and river motorships, one passenger car ferry, two house boats, one cable laying ship and three vessels for oceanographic research. The list further includes cables, profile special steel, vanadium pentoxide, staple fibre, textiles and agricultural products, e.g., milk powder and eggs. Export quotas for viscose cellulose and for various types of paper were increased, while the quota for sulphite and sulphate cellulose was reduced and those for various types of cardboard remained the same as in the current year.

The Soviet export quotas for machinery and equipment were increased by about 50 per cent. The increase is mainly due to deliveries of machines, equipment and fuel for a nuclear power station, rolling and metallurgical machinery and equipment, power station and electro-technical machines, and vessels and machinery and equipment for vessels and passenger cars. Exports of solid fuels and crude oil will remain on the level of the current year. The quota for diesel fuel oil was increased slightly, while the quota for mazout was set at a somewhat lower level. The list includes fixed quotas for straight-run naphtha, motor petrol, natural gas, raw sugar and salt. Exports of alloy metals, steel scrap, potassium salts and pulp wood will increase.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

A. Simonen

Deputy Governor

Ahti Karjalainen

*Absent as a Member
of Government*

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä

ad int.

Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Markku Puntila

Senior officials

Pertti Kukkonen

Director, ADP-planning

Pauli Kanerva

Administration

K. Ignatius

Personnel

Antti Lehtinen

*Domestic Financial
Operations*

Helge Lindström

Credits and Securities

Kalle Koski

Capital Transfers

Kari Nars

Foreign Exchange Policy

Raili Nuortila

Eastern Trade

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept., ad int.

Henri J. Vartiainen

Research Dept.

Stig Törnroth

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign Correspondence

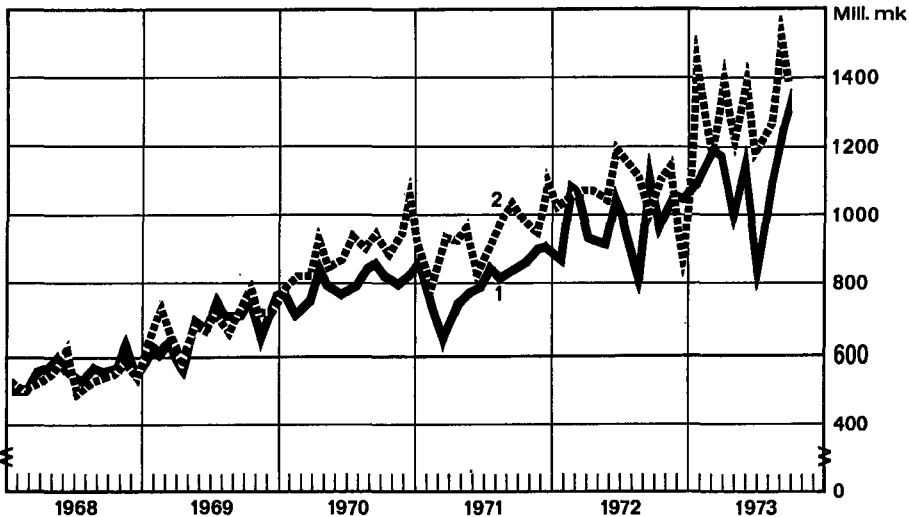
Väinö Heiskanen

Banking Services

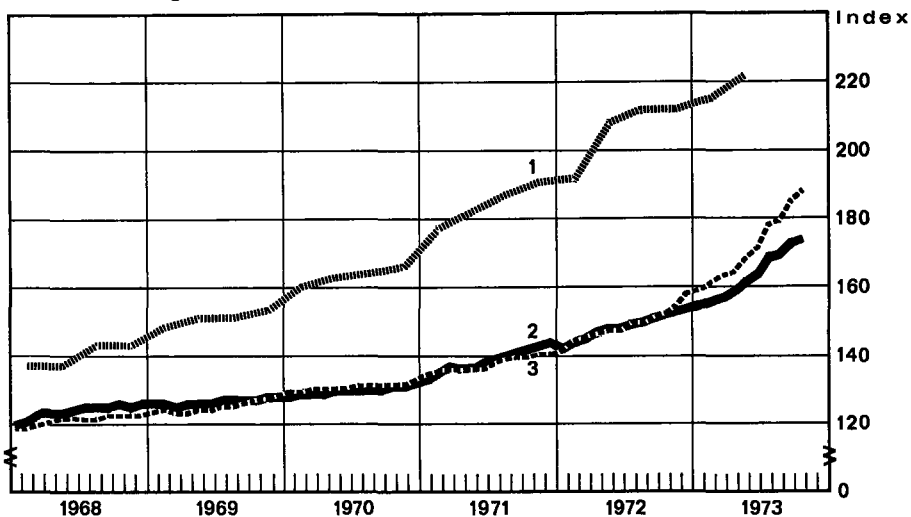
Eino Suomela

Internal Audit

Foreign trade, 1968-1973



Prices and wages, 1968-1973



Production, 1968-1973

