



BANK OF FINLAND

Monthly Bulletin

**Long-term export credit financing
in Finland**

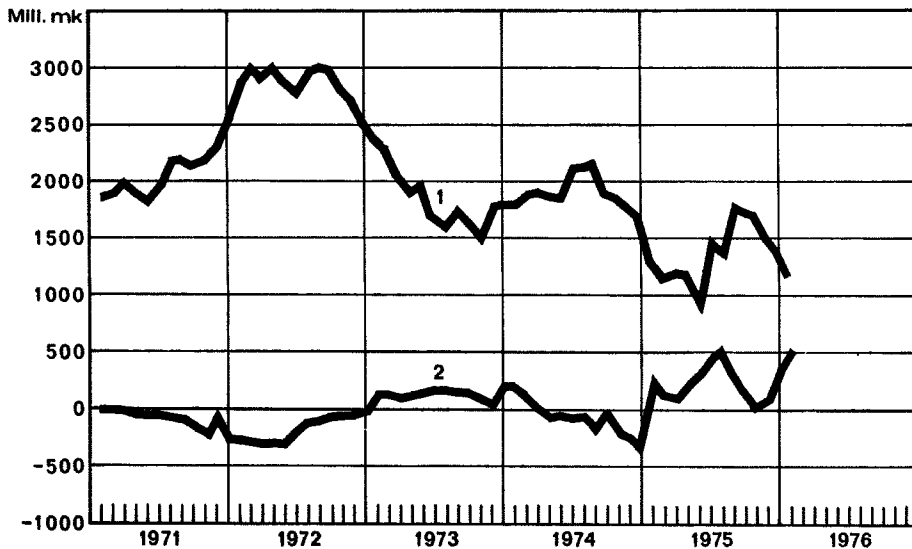
**The co-operative movement
in Finland**

A record year for Finnish ship-yards

MARCH 1976

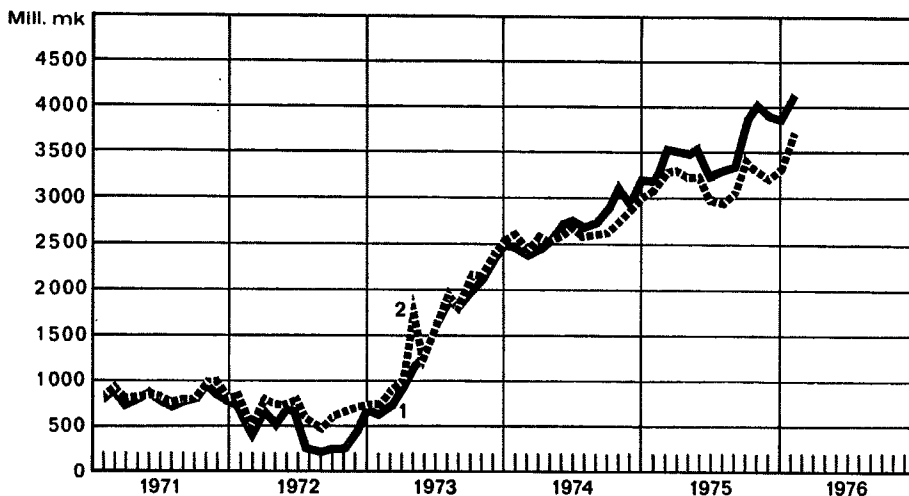
Vol. 50 No. 3

BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE FOREIGN EXCHANGE RESERVES, 1971-1976



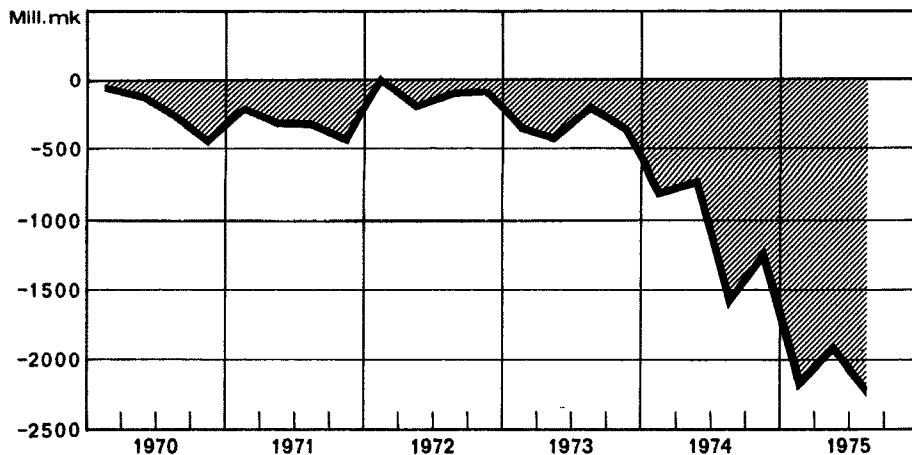
- 1. Gold and convertible currencies
- 2. Non-convertible currencies

BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1971-1976



- 1. Net receivables from the domestic financial sector
 - 2. Discounted and rediscounted bills
- Seasonally adjusted end-of-month figures

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1970-1975



Seasonally adjusted quarterly figures

LONG-TERM EXPORT CREDIT FINANCING IN FINLAND

During the last few decades, credit arrangements have become an increasingly important element in the international trade and marketing of capital goods. In many countries, specialized credit institutions or other government-sponsored special arrangements have been organised to meet this need.

In Finland, a financing institution of this type was formed in 1956 by the three largest commercial banks and some of the leading industrial firms involved in the export trade. Exports of capital goods on credit were insignificant at this time, and financing remained rather small until the state joined forces with these private interests, and formed the Finnish Export Credit Ltd, with a controlling state interest of 56 per cent. Lending under the auspices of this new organisation got under way in 1963, and the company's own funds and reserves now amount to 113 million marks.

The purpose of Finnish Export Credit Ltd is to provide Finnish exporters of capital goods with the same kind of export credit financing facilities that are provided in other countries. Credits are usually granted for periods no shorter than 2 years and no longer than 8 years. These and other lending conditions conform with the guidelines for export credit financing agreed upon among OECD member countries.

Finnish Export Credit Ltd has made a substantial contribution to the promotion of exports of heavy metal and engineering products over the last 10 years. This has helped to broaden and diversify the production structure of Finnish industry.

Its lending has been financed through sales of subordinated debentures to the state, to the shareholding banks and, in certain cases,

to the Bank of Finland, while other loans are raised in the domestic and international capital markets.

Since its inception, the Finnish Export Credit Ltd has expanded its lending rapidly. Developments in recent years are illustrated by the following figures.

	1971	1972	1973	1974	1975
Value of exports financed, mill. mk	486.4	778.2	388.5	762.5	876.6
% of total metal industry exports	27.6	30.6	13.3	18.0	16.4
Credits extended, mill. mk	388.1	451.5	370.0	527.3	627.3
Credit outstanding, mill. mk	937.9	1 220.1	1 297.0	1 516.6	1 784.3

The value of exports with financing provided by Finnish Export Credit Ltd has almost doubled in five years. Some three quarters of these exports have gone to western industrialized countries, with the remainder being primarily exports to developing countries, although there has also been some financing of exports to CMEA countries.

The bulk of the credits have been extended to finance deliveries of machinery and equipment for woodworking industries, for ships and, in recent years, also for oil drilling platforms. Smaller amounts of credit have been extended to finance deliveries of electro-technical equipment and other metal industry products. Finnish Export Credit Ltd has also participated in the financing of warehouses in major export markets to facilitate deliveries and distribution.

In 1975 the value of new orders contracted to be financed by the Finnish Export Credit Ltd were 776 million marks. The order stock to be financed by the Finnish Export Credit Ltd was 2 813 million marks at the end of last year, practically the same as at the start of the year. The total value of exports actually financed in 1975 corresponded to about 16 per cent of Finland's total exports of metal industry products.

There will be large additions to capacity in the next few years in those industries that normally rely on the Finnish Export Credit Ltd for financing of export credits. This, together with the imminent recovery of demand in international markets and subsequent higher utilization of capacity, is expected to lead to a rapid increase in lending by Finnish Export Credit Ltd.

In accordance with a proposal prepared by a working group appointed by the Ministry of Finance, the Bank of Finland granted Finnish Export Credit Ltd a stand-by credit in the summer of 1975. This arrangement is intended cover such temporary financing needs as may arise if one or more large orders are received unexpectedly at the same time.

In September 1975 the Council of State appointed a committee to draw up guidelines on way in which Finnish Export Credit Ltd's future activities could be geared to meet the needs of export financing, taking into account its impact on resource allocation, employment and overall monetary conditions. The committee is expected to complete its deliberations in the next few months.

February 25, 1976

	1975		1976			
	Feb. 28	Dec. 31	Feb. 6	Feb. 13	Feb. 23	Feb. 27
Assets						
Gold and foreign exchange receivables	1 527	1 950	1 697	1 767	1 678	1 645
Gold	121	121	121	121	121	121
Special drawing rights	286	278	278	278	278	278
IMF gold tranche	268	—	—	—	—	—
Convertible currencies	574	1 089	692	773	726	714
Tied currencies	278	462	606	595	553	532
Other foreign receivables	1 106	1 274	1 383	1 380	1 381	1 390
Foreign bills	230	272	263	260	261	270
Foreign bonds	346	204	322	322	322	322
Currency subscription to Finland's quota in the IMF	530	798	798	798	798	798
Receivables from financial institutions	3 454	4 164	4 334	4 456	4 982	4 639
Cheque accounts of the commercial banks	171	133	207	209	196	196
Discounted bills	2 970	3 385	3 040	3 040	3 037	3 035
Bonds	244	327	374	379	374	467
Call money market advances	—	—	688	799	1 358	901
Other financial institution receivables	69	319	25	29	17	40
Receivables from the public sector	307	339	336	340	338	334
Bonds	71	70	69	69	68	71
Total coinage	233	256	259	260	261	261
Other public sector receivables	3	13	8	11	9	2
Receivables from corporations	654	933	992	1 002	1 025	1 031
New export bills	97	128	127	128	123	126
Financing of suppliers' credits	273	402	425	427	427	426
Bonds	244	223	220	220	220	220
Other corporate receivables	40	180	220	227	255	259
Other assets	37	47	46	46	46	46
Total	7 085	8 707	8 788	8 991	9 450	9 085
Liabilities						
Foreign exchange liabilities	170	172	154	152	150	132
Convertible accounts	53	78	87	85	81	82
Tied accounts	117	94	67	67	69	50
Other foreign liabilities	788	1 385	1 385	1 385	1 385	1 385
IMF mark accounts	530	1 127	1 127	1 127	1 127	1 127
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 318	2 855	2 537	2 592	2 590	2 677
Notes	2 120	2 617	2 308	2 363	2 360	2 447
Coins	198	238	229	229	230	230
Deposit certificates in circulation	1 050	250	80	10	60	—
Claims of financial institutions	27	29	670	709	1 053	714
Cheque account of Postipankki	2	1	1	3	0	0
Cheque accounts of the commercial banks	2	3	1	2	2	5
Call money market deposits	—	—	666	699	1 050	708
Other financial institution claims	23	25	2	5	1	1
Claims of the public sector	551	1 301	1 266	1 342	1 408	1 380
Cheque accounts	4	2	1	5	0	0
Counter-cyclical reserves	543	155	55	55	55	55
Import deposits	—	1 135	1 194	1 266	1 336	1 309
Other public sector claims	4	9	16	16	17	16
Claims of corporations	336	539	470	572	571	548
Investment deposits	36	73	66	65	65	66
Counter-cyclical withholdings	110	—	—	—	—	—
Capital import deposits	175	450	391	494	493	470
Import levy deposits	8	8	8	8	8	8
Other corporate claims	7	8	5	5	5	4
Other liabilities	13	15	14	14	13	33
Equalization accounts	900	331	362	360	362	354
Capital accounts	932	1 830	1 850	1 855	1 858	1 862
Primary capital	600	1 400	1 400	1 400	1 400	1 400
Reserve fund	237	237	334	334	334	334
Undisposed profits	75	—	97	97	97	97
Net earnings	20	193	19	24	27	31
Total	7 085	8 707	8 788	8 991	9 450	9 085

BANK OF FINLAND

Mill. mk

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Investment deposits	36	73	66	65	65	66
Counter-cyclical withholdings	110	—	—	—	—	—
Capital import deposits	175	450	391	494	493	470
Import levy deposits	8	8	8	8	8	8
Other corporate claims	7	8	5	5	5	4
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Capital accounts	932	1 830	1 850	1 855	1 858	1 862
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Undisposed profits	75	—	97	97	97	97
Net earnings	20	193	19	24	27	31
Total	7 085	8 707	8 788	8 991	9 450	9 085

End of year and month	Domestic financial sector						Corporate sector			Notes and coins in circulation	
	Dis-counted and redis-counted bills	Cheque account receiv-ables ²	Other receiv-ables	Cheque account liabilities to the commer-cial banks ³	Cheque account liabilities to Posti-pankki ³	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties		Net receiv-ables (8-9)
	1	2	3	4	5	6	7	8	9	10	11
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 622
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855

1975

Feb.	2 970	171	313	2	2	23	3 427	654	336	318	2 318
March	3 275	142	284	2	1	41	3 657	667	388	279	2 433
April	3 441	99	307	1	1	84	3 761	680	417	263	2 396
May	3 417	136	304	2	1	134	3 720	690	446	244	2 479
June	3 083	139	347	2	—	128	3 439	722	374	348	2 692
July	3 082	136	377	3	0	120	3 472	821	423	398	2 544
Aug.	3 068	135	369	4	2	282	3 284	816	305	511	2 635
Sept.	3 565	196	424	2	1	274	3 908	827	401	426	2 620
Oct.	3 568	115	606	2	1	269	4 017	876	413	463	2 571
Nov.	3 519	172	622	2	1	2	4 308	888	530	358	2 678
Dec.	3 385	133	646	3	1	25	4 135	933	539	394	2 855

1976

Jan.	3 085	147	543	2	3	2	3 768	973	540	433	2 614
Feb.	3 035	196	1 408	5	0	709	3 925	1 031	548	483	2 677

¹ The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

² Including special index accounts.

³ Including cash reserve accounts.

SELLING RATES FOR FOREIGN EXCHANGE

Mk

Feb. 20, 1976

New York ¹	1 \$	3.836	Frankfurt o. M.	100 DM	150.20	Vienna	100 S	21.07
Montreal	1 \$	3.865	Amsterdam	100 Fl	144.40	Lisbon	100 Esc	13.98
London	1 £	7.770	Brussels ²	100 Fr		Madrid	100 Pta	5.80
Stockholm	100 Kr	87.75	Zurich	100 Fr	150.20	Tokyo	100 Y	1.272
Oslo	100 Kr	69.70	Paris	100 FF	85.80	Reykjavik	100 Kr	2.25
Copenhagen	100 Kr	62.80	Rome	100 Lit	0.499	Moscow ³	1 Rbl	5.061

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

² 9.840 commercial rate; 9.500 financial rate.

³ 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	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1968	856	1 088	428	4 598	3 966	2 683	1 027	465	12 740	14 256
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 961	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974*	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

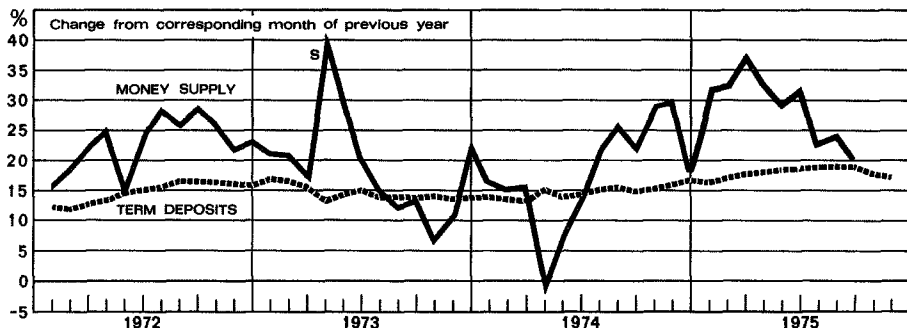
1974¹

Sept.	2 161	2 872	1 288	9 370	7 740	5 885	2 422	875	26 292	30 452
Oct.	2 224	2 958	1 184	9 501	7 815	5 982	2 457	892	26 648	30 790
Nov.	2 198	2 924	1 346	9 653	7 944	6 101	2 504	896	27 097	31 367
Dec.	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487

1975*

Jan.	2 680	3 472	1 590	10 331	8 442	6 438	2 697	937	28 845	33 907
Feb.	2 551	3 371	1 861	10 458	8 553	6 590	2 740	953	29 294	34 526
March	2 530	3 381	1 854	10 520	8 575	6 613	2 753	960	29 421	34 656
April	2 573	3 414	1 762	10 596	8 591	6 668	2 753	964	29 572	34 748
May	2 609	3 509	1 644	10 744	8 713	6 773	2 778	975	29 983	35 136
June	2 822	3 809	1 640	10 851	8 826	6 796	2 833	985	30 291	35 740
July	2 721	3 662	1 462	10 921	8 974	6 946	2 863	1 005	30 709	35 833
Aug.	2 566	3 533	1 669	11 046	9 155	7 091	2 920	1 021	31 233	36 435
Sept.	2 546	3 531	1 582	10 959	9 203	7 177	2 929	1 056	31 324	36 437
Oct.	2 686	3 653	1 417	11 011	9 225	7 206	2 939	1 058	31 439	36 509
Nov.	2 659	3 642	1 652	11 234	9 326	7 280	2 985	1 057	31 882	37 176

¹ New series, see explanations on page 18.



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
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1968	5 866	3 448	2 600	928	1 053	13 392	503	13 895	2 642
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 116
1974*	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

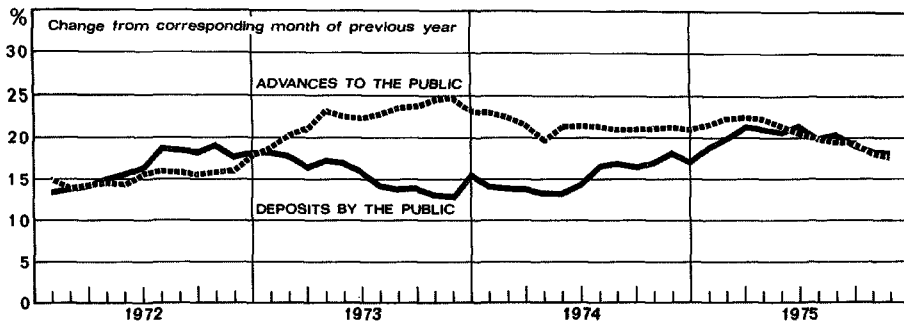
1974¹

Sept.	14 826	7 341	6 102	4 424	3 087	34 609	1 171	35 780	6 145
Oct.	15 225	7 479	6 225	4 532	3 130	35 398	1 193	36 591	6 089
Nov.	15 542	7 616	6 338	4 615	3 206	36 139	1 178	37 317	6 378
Dec.	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283

1975

Jan.	16 010	7 892	6 554	4 768	3 350	37 430	1 144	38 574	7 123
Feb.	16 398	7 990	6 668	4 818	3 381	38 016	1 239	39 255	7 274
March	16 773	8 060	6 743	4 847	3 394	38 548	1 269	39 817	7 403
April	16 919	8 162	6 868	4 913	3 556	39 139	1 279	40 418	7 245
May	17 148	8 219	6 944	4 968	3 637	39 640	1 276	40 916	7 335
June	17 303	8 312	7 019	4 983	3 660	39 951	1 326	41 277	7 801
July	17 291	8 419	7 125	5 054	3 704	40 339	1 254	41 593	7 331
Aug.	17 307	8 582	7 249	5 063	3 776	40 674	1 303	41 977	7 517
Sept.	17 734	8 749	7 450	5 104	3 815	41 456	1 396	42 852	7 391
Oct.	17 811	8 785	7 542	5 275	3 900	41 907	1 406	43 313	..
Nov.	17 852	8 997	7 673	5 420	4 046	..	..	43 988	..

¹ New series, see explanations on page 18.



STATE FINANCES

Revenue	Jan.—Nov.		Expenditure	Mill. mk	
	Jan.—Nov.			Jan.—Nov.	
	1974	1975		1974	1975
Income and property tax (net)	7 054	8 530	Wages, salaries, pensions etc.	3 061	3 965
Gross receipts	(14 012)	(17 890)	Repair and maintenance	474	582
Refunds & local authorities	(—6 958)	(—9 360)	Other consumption expenditure	1 334	1 822
Other taxes on income and property	147	174	Total consumption expenditure	4 869	6 369
Employers' child allowance payments	595	774	State aid to local authorities	2 989	4 297
Sales tax	4 728	5 316	State aid to industries	2 449	3 886
Revenue from Alcohol Monopoly	1 041	1 282	of which: agric. price subsidies	(1 669)	(1 924)
Customs duties & import charge	474	546	Child allowances	430	635
Counter-cyclical tax	—	—	Share in national pensions and health insurance	213	208
Excise duty on tobacco	549	533	Other transfer expenditure	2 029	2 475
» » on liquid fuel	853	1 071	Total transfer expenditure	8 110	11 501
Other excise duties	407	572	Machinery and equipment	656	926
Tax on autom. and motor cycles	428	685	House construction	367	507
Stamp duties	383	445	Land and waterway construction	1 042	1 277
Special diesel etc. vehicles tax	58	61	Total real investment	2 065	2 710
Other taxes and similar revenue ¹	396	518	Interest on State debt	181	165
Total taxes	17 113	20 507	Index compensations	33	39
Miscellaneous revenue	960	2 065	Net deficit of State enterprises	96	377
Interest, dividends etc.	423	473	Other expenditure	22	41
Sales and depreciation of property	4	10	Total other expenditure	332	622
Redemptions of loans granted	216	234	Increase in inventories	+82	+244
Total revenue	18 716	23 289	Lending	1 353	2 168
Foreign borrowing	11	151	Other financial investment	443	550
Domestic borrowing	217	447	Total expenditure	17 254	24 164
Total borrowing	228	598	Redemption of foreign loans	187	131
Deficit (+) or surplus (—)	(—1 099)	(+708)	Redemption of domestic loans	404	300
			Total redemptions	591	431
			Total	17 845	24 595

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

State debt	1972	1973	1974	1975		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.
Foreign debt	1 517	1 395	1 152	1 256	1 225	1 241
Loans	2 268	1 758	1 528	1 597	1 613	1 650
Compensatory obligations	2	1	1	1	1	1
Short-term credit	56	39	37	65	86	86
Cash debt (net)	—488	—468	—571	—470	—437	—576
Domestic debt	1 838	1 330	995	1 193	1 263	1 161
Total State debt	3 355	2 725	2 147	2 449	2 488	2 402
Total debt, mill \$	804	710	590	632	642	621

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974*	20 687	25 666	-4 979
1975*	20 247	27 974	-7 727

1974*			
Nov.	1 812	2 300	- 488
Dec.	1 715	2 198	- 483

1975*			
Jan.	2 030	2 751	- 721
Feb.	1 549	2 535	- 986
March	1 576	2 096	- 520
April	1 739	2 301	- 562
May	1 594	2 356	- 762
June	1 380	2 046	- 666
July	1 651	2 262	- 611
Aug.	1 135	2 163	-1 028
Sept.	1 710	2 235	- 525
Oct.	1 840	2 444	- 604
Nov.	1 672	2 240	- 568
Dec.	2 371	2 545	- 174

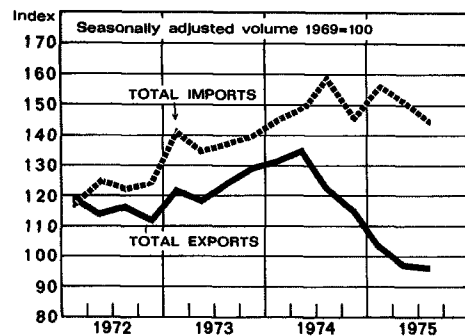
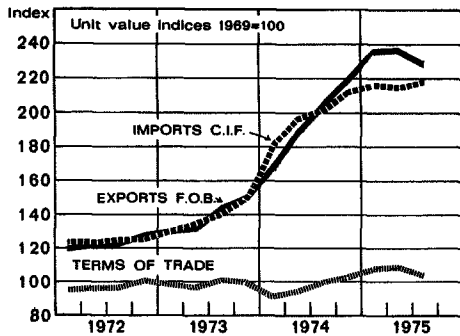
Indices of exports and imports 1969 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1970	107	121	108		108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974*	126	151	196	200	98
1975*	105	151	232	218	106

1973					
Apr.-June	115	133	133	136	98
July-Sept.	122	136	145	141	103
Oct.-Dec.	140	149	151	150	101

1974					
Jan.-Mar.	131	147	169	182	93
Apr.-June	131	147	190	198	96
July-Sept.	119	158	206	203	101
Oct.-Dec.	125	152	221	213	104

1975*					
Jan.-Mar.	104	160	237	217	109
Apr.-June	95	146	238	216	110
July-Sept.	94	143	230	219	105
Oct.-Dec.	124	153	228	223	102



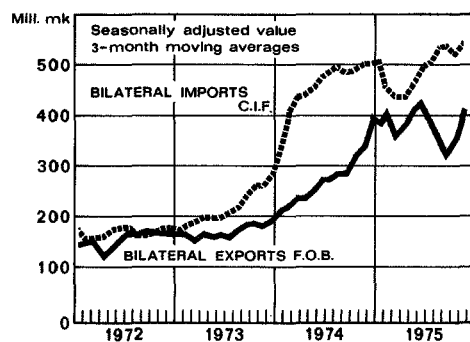
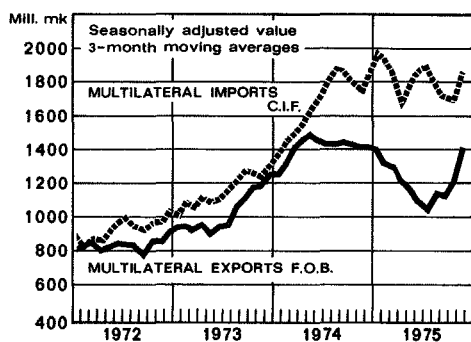
Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974*	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24
1975*	449	2 177	7 225	5 357	5 039	17 033	1 671	5 217	3 990	63

1974*

Nov.	16	228	736	361	471	1 381	186	428	304	1
Dec.	63	191	718	310	433	1 457	154	317	269	1

1975*

Jan.	71	229	780	496	454	1 682	146	542	380	1
Feb.	13	145	617	389	385	1 573	134	464	363	1
March	69	141	666	292	408	1 270	107	353	366	0
April	12	168	678	428	453	1 389	111	430	370	1
May	59	159	615	348	413	1 364	128	484	376	4
June	11	154	491	399	325	1 299	148	329	265	5
July	28	194	534	560	335	1 390	126	421	299	26
Aug.	18	139	451	226	301	1 275	170	433	276	9
Sept.	44	202	585	442	437	1 383	137	363	344	8
Oct.	25	199	570	505	541	1 540	154	411	338	1
Nov.	17	213	579	395	468	1 354	170	426	288	2
Dec.	82	234	659	877	519	1 514	140	561	325	5



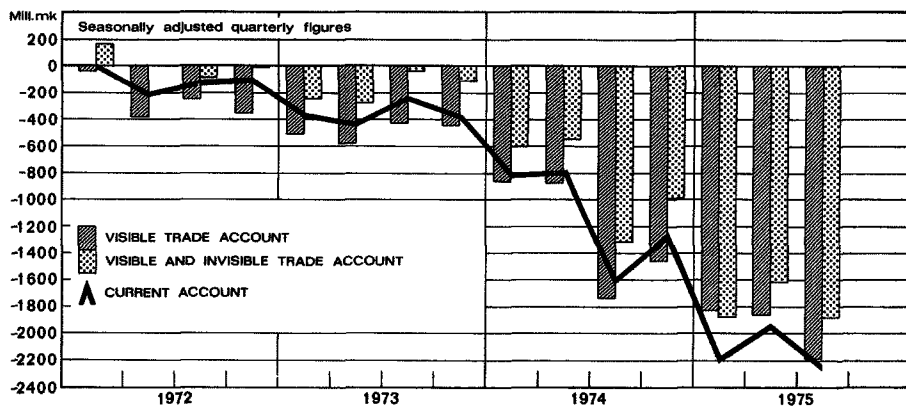
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—December				January—December			
	1974*		1975*		1974*		1975*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	68.3	14 122	63.6	12 871	64.9	16 645	65.5	18 330
Austria	0.9	187	0.9	171	1.4	353	1.3	367
Belgium-Luxembourg	2.0	421	1.4	286	1.9	486	1.8	495
Denmark	3.6	741	3.5	713	3.4	862	3.2	904
France	4.3	885	3.6	725	3.2	829	3.9	1 099
Federal Republic of Germany	8.6	1 779	8.6	1 740	15.4	3 946	15.8	4 414
Italy	1.8	367	1.3	272	1.6	407	2.0	558
Netherlands	3.5	720	2.6	531	3.5	910	2.9	816
Norway	2.7	564	4.4	897	2.8	727	2.7	740
Portugal	0.5	95	0.6	112	0.7	168	0.4	120
Spain	1.3	270	1.1	227	0.4	107	1.0	282
Sweden	16.4	3 394	17.9	3 615	18.4	4 719	18.2	5 105
Switzerland	1.7	357	1.5	307	3.2	819	3.2	887
United Kingdom	19.2	3 971	14.7	2 967	8.8	2 263	8.9	2 497
Other	1.8	371	1.5	308	0.2	49	0.2	46
OECD countries outside Europe	6.1	1 273	4.8	980	9.3	2 398	9.6	2 687
Canada	0.6	130	0.5	106	0.5	121	0.5	134
Japan	0.8	173	0.5	100	1.4	368	1.6	453
United States	3.7	766	3.2	642	7.4	1 901	7.5	2 090
Other	1.0	204	0.6	132	0.0	8	0.0	10
CMEA countries	16.1	3 334	23.8	4 828	22.3	5 728	21.2	5 945
Czechoslovakia	0.4	88	0.5	107	0.3	86	0.4	115
Democratic Republic of Germany	0.5	106	0.7	153	0.6	142	0.7	202
Poland	0.8	167	1.2	252	2.1	546	2.2	618
Soviet Union	13.7	2 835	20.5	4 141	18.1	4 640	16.8	4 710
Other	0.7	138	0.9	175	1.2	314	1.1	300
Latin America	2.8	577	2.0	396	1.5	394	1.2	323
Argentina	0.6	126	0.7	136	0.0	12	0.1	14
Brazil	0.9	177	0.5	109	0.4	88	0.2	62
Colombia	0.1	25	0.1	13	0.4	108	0.4	113
Other	1.2	249	0.7	138	0.7	186	0.5	134
Other	6.7	1 381	5.8	1 172	2.0	501	2.5	689
GRAND TOTAL	100.0	20 687	100.0	20 247	100.0	25 666	100.0	27 974
of which								
EFTA countries	22.4	4 644	25.4	5 136	26.5	6 802	25.9	7 233
EEC countries	43.9	9 072	36.3	7 358	37.9	9 717	38.6	10 800
OECD countries	74.4	15 395	68.4	13 851	74.2	19 043	75.1	21 017

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
1972	12 012	13 087	-1 075	+ 731	+336	+ 72	+ 64	- 586	+42	- 480
1973 ^f	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974*	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
Jan.-March										
1972	2 870	2 956	- 86	+ 207	+ 3	+ 1	+ 125	- 142	-22	- 39
1973 ^f	3 282	3 868	- 586	+ 260	- 5	+ 28	- 303	- 139	-14	- 456
1974*	4 589	5 663	-1 074	+ 281	+ 10	+ 28	- 755	- 233	-25	-1 013
1975*	5 127	7 356	-2 229	+ 261	- 43	- 34	-2 045	- 316	-51	-2 412
Apr.-June										
1972	2 855	3 296	- 441	+ 170	+ 56	+ 47	- 168	- 156	- 8	- 332
1973 ^f	3 182	3 843	- 661	+ 218	+ 48	+ 16	- 379	- 190	-22	- 591
1974*	5 160	6 224	-1 064	+ 199	+ 74	+ 72	- 719	- 239	-12	- 970
1975*	4 696	6 683	-1 987	+ 243	+ 13	+ 7	-1 724	- 383	-15	-2 122
July-Sept.										
1972	2 979	3 198	- 219	+ 179	+192	+ 18	+ 170	- 139	+20	+ 51
1973 ^f	3 656	4 084	- 428	+ 271	+240	+ 10	+ 93	- 173	- 9	- 89
1974*	5 103	6 809	-1 706	+ 356	+243	- 44	-1 151	- 244	- 8	-1 403
1975*	4 482	6 645	-2 163	+ 262	+142	+ 70	-1 689	- 309	- 8	-2 006
Oct.-Dec.										
1972	3 308	3 637	- 329	+ 175	+ 85	+ 6	- 63	- 149	+52	- 160
1973 ^f	4 405	4 765	- 360	+ 247	+ 57	- 25	- 81	- 251	-12	- 344
1974*	5 753	6 902	-1 149	+ 239	- 1	+ 49	- 862	- 290	-24	-1 176



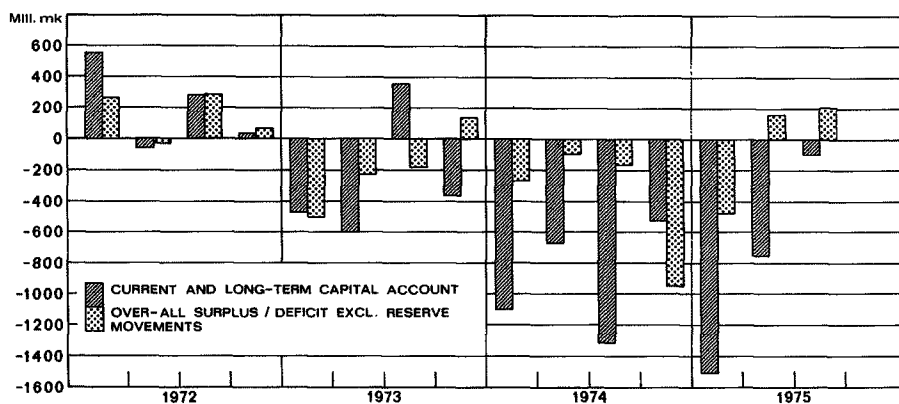
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+3 014	-1 228	-376	-106	+1 304	+ 824	+104	- 90	-247 ²	+ 591	-271	-320
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+ 968	- 273	-115	+ 17	+ 597	+ 558	-156	- 27	-114 ²	+ 261	-327	+ 66
+ 364	- 396	+ 35	- 24	- 21	- 477	+ 21	- 98	+ 47	- 507	+353	+154
+ 481	- 522	- 23	- 26	- 90	-1 103	+270	+124	+440	- 269	+138	+131
+1 242	- 338	- 6	+ 5	+ 903	-1 509	+309	+102	+621	- 477	- 32	+509
+ 655	- 180	-192	- 5	+ 278	- 54	+ 90	+ 26	- 91	- 29	+ 37	- 8
+ 309	- 265	- 48	- 9	- 13	- 604	+ 95	+191	+ 91	- 227	+301	- 74
+ 758	- 362	-115	+ 15	+ 296	- 674	+369	+ 58	+151	- 96	- 99	+195
+1 834	- 418	- 67	+ 14	+1 363	- 759	-139	+787	+268	+ 157	-668	+511
+ 628	- 327	- 41	- 25	+ 235	+ 286	+268	-125	-141	+ 288	-314	+ 26
+ 774	- 370	+ 59	- 15	+ 448	+ 359	-403	-322	+180	- 186	+ 66	+120
+ 543	- 373	- 60	- 22	+ 88	-1 315	+480	+252	+420	- 163	+202	- 39
+2 121	- 274	+ 3	+ 55	+1 905	- 101	..	..	+306 ³	+ 205	+ 91	-296
+ 763	- 448	- 28	- 93	+ 194	+ 34	- 98	+ 36	+ 99	+ 71	+333	-404
+ 411	- 335	- 12	- 66	- 2	- 346	+ 41	+221	+220	+ 136	-229	+ 93
+ 948	- 280	- 25	+ 10	+ 653	- 523	-189	- 97	-138	- 947	+498	+449

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.

³ Due to statistical difficulties this includes both Short-term import credits and prepayments, net and Short-term export credits and prepayments, net.



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	Machinery & transoort equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1974	495	498	482	523	536	448	555	495	459	233	231	230
1975	562	575	513	570	637	532	629	536	539	259	264	246
1975												
March	554	564	514	576	608	511	627	535	521	249	243	242
April	559	571	513	577	610	521	632	538	528	260	269	246
May	561	574	512	575	630	525	630	537	535	260	269	246
June	559	572	510	570	633	526	629	532	535	261	269	246
July	564	578	510	564	634	547	643	531	538	262	270	247
Aug.	567	580	518	566	651	547	630	540	546	263	270	247
Sept.	568	582	516	567	664	545	629	540	550	264	272	247
Oct.	573	588	517	568	671	556	629	541	562	265	272	248
Nov.	577	592	518	570	676	560	631	543	566	265	272	250
Dec.	578	595	514	574	677	559	632	546	567	266	272	251
1976												
Jan.	591	610	517	582	688	578	644	555	583	270	273	260

Period	Consumer prices 1972 = 100											
	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 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
1974	333	261	129	130	109	128	144	161	129	128	118	127
1975	392	308	153	157	135	150	162	184	150	145	144	156
1975												
March	375	294	146	148	125	145	156	181	146	139	138	148
April	383	301	149	154	126	145	161	182	148	140	140	150
May	387	304	150	155	129	146	161	183	150	144	141	151
June	388	305	151	155	129	147	161	183	150	145	143	153
July	394	310	153	157	137	148	164	184	151	145	144	156
Aug.	399	313	155	161	137	152	164	185	153	146	144	159
Sept.	405	318	157	165	137	154	165	185	153	148	150	161
Oct.	411	323	160	166	148	158	166	187	155	148	151	166
Nov.	415	326	161	168	149	159	166	188	156	152	152	168
Dec.	418	328	162	169	149	160	166	188	157	154	152	169
1976												
Jan.	426	335	166	167	161	163	168	189	159	166	154	172

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	Industry	Construction							
1973	317	260	261	219	213	217	247	212	258	238
1974*	404	317	326	256	251	252	298	248	313	285
1975*	515	387	392	310	309	306	363	299	384	347
1974*										
Jan.-March	361	284	292	229	226	225	265	222	278	254
Apr.-June	388	316	320	260	251	256	300	251	315	287
July-Sept.	410	326	336	263	258	259	310	255	326	295
Oct.-Dec.	463	342	354	273	271	270	321	264	340	307
1975*										
Jan.-March	474	353	361	278	277	275	330	269	350	314
Apr.-June	507	391	394	313	312	308	370	303	392	353
July-Sept.	514	398	401	317	318	309	374	307	396	357
Oct.-Dec.	553	405	412	332	331	331	379	317	403	365

PRODUCTION

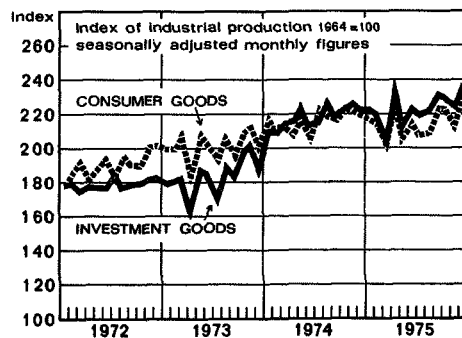
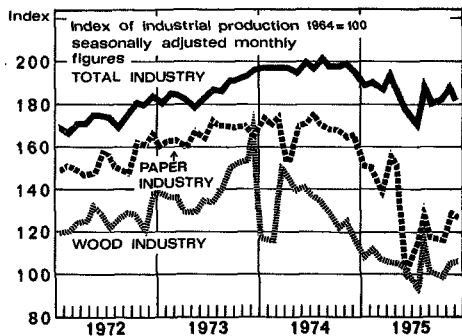
Volume indices of production 1964 = 100

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
1973	154	187	90	96	162	105	155	171	150	151	157
1974*	161	200	90	97	168	102	164	178	158	159	163
1975*	160	195	92	83	167	105	161	184	166	166	166
1974*											
Jan.-March	160	212	60	125	136	102	158	169	156	157	162
Apr.-June	158	197	71	113	162	107	166	172	157	158	164
July-Sept.	159	179	165	62	176	101	166	176	157	159	163
Oct.-Dec.	165	212	63	87	199	101	167	194	162	161	165
1975*											
Jan.-March	161	206	57	119	163	104	159	176	164	164	165
Apr.-June	159	196	77	99	161	107	164	178	164	165	167
July-Sept.	158	171	171	49	172	103	161	182	165	166	166
Oct.-Dec.	163	207	68	66	174	106	162	199	170	168	168

PRODUCTION

Index of industrial production 1970 = 100

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	
1973	122	121	123	119	111	123	120	154	127	127	121
1974*	129	143	128	126	114	121	122	160	144	147	128
1975*	121	147	117	127	112	92	96	154	125	147	120
1974*											
June	118	137	116	115	110	119	99	146	133	139	130
July	89	66	94	81	117	70	123	128	100	69	128
Aug.	130	141	127	132	123	100	126	155	157	147	131
Sept.	130	147	129	129	112	115	126	152	153	151	129
Oct.	144	164	140	148	134	120	133	174	160	169	129
Nov.	137	159	132	139	118	111	127	170	145	164	129
Dec.	120	135	118	120	100	82	112	166	114	139	127
1975*											
Jan.	134	163	130	136	107	100	118	180	135	163	123
Feb.	125	152	123	125	96	102	108	169	125	153	123
March	124	148	122	125	92	98	105	170	135	150	122
April	137	172	131	145	115	113	106	181	143	172	127
May	127	151	123	129	112	107	104	162	133	153	121
June	110	143	103	119	109	91	64	135	126	140	116
July	77	67	79	74	115	48	79	97	75	68	112
Aug.	120	139	116	125	112	85	97	141	133	139	124
Sept.	123	157	116	135	118	95	88	147	131	156	118
Oct.	133	170	122	150	142	98	93	151	132	169	118
Nov.	127	160	120	134	120	90	100	160	130	159	123
Dec.	118	142	113	126	106	82	87	158	98	144	118



LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un- employed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1972 = 100	Wholesalers' volume index 1972 = 100
1973	3 442	2 215	2 164	51	2.3	35 123	110	111
1974*	3 483	2 269	2 229	40	1.8	34 457	114	114
1974*								
Oct.	3 491	2 249	2 219	30	1.3	2 476	121	129
Nov.	3 439	2 239	2 207	32	1.4	2 773	120	123
Dec.	3 495	2 234	2 195	39	1.7	3 079	149	129
1975*								
Jan.	3 503	2 208	2 159	49	2.2	3 029	109	111
Feb.	3 505	2 194	2 146	48	2.2	3 899	106	111
March	3 507	2 191	2 144	47	2.1	4 535	114	121
April	3 509	2 199	2 151	48	2.2	3 799	124	128
May	3 511	2 238	2 199	40	1.8	2 646	119	121
June	3 513	2 445	2 400	45	1.8	2 381	116	108
July	3 514	2 448	2 400	48	2.0	934	120	107
Aug.	3 516	2 326	2 278	48	2.1	1 026	..	..
Sept.	3 517	2 257	2 208	49	2.2	1 272	..	..
Oct.	3 519	2 258	2 206	52	2.3	1 700	..	..
Nov.	3 520	2 255	2 195	60	2.7	1 884	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings-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											
1972	47.73	20.56	3.08	16.50	4.28	40.00	18.15	2.84	14.19	2.99	40.57
1973*	54.96	24.68	3.82	20.66	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1974*	53.23	22.34	3.26	20.84	3.52	45.85	21.29	2.70	16.74	3.11	50.87
1974*											
July-Sept.	14.53	6.15	0.56	5.82	1.25	11.33	4.88	0.45	3.93	0.93	56.89
Oct.-Dec.	11.73	4.58	0.40	5.21	0.80	15.19	7.06	1.00	5.60	0.99	50.87
1975*											
Jan.-March	12.59	3.31	0.75	5.95	0.75	11.21	4.51	0.45	4.89	1.07	48.79
Apr.-June	15.90	7.46	1.67	5.00	0.51	10.06	4.95	0.33	3.60	0.75	54.13
July-Sept.	12.21	4.84	0.79	4.72	1.13	10.95	4.45	0.85	3.73	1.29	54.64

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 in connection with the revision of accounting legislation. New series have been built according to the revision. When the figures are not fully comparable to the previous ones, the series is broken by a line.

Page 4. *Foreign sector*: Gold and convertible exchange receivables = Gold + Special drawing rights + IMF gold tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights.

Public sector: Receivables = Total coinage + Other public sector receivables + Bonds (since Dec. 1974).

Liabilities = Cheque accounts + Counter-cyclical reserves + Import deposits + Other public sector liabilities.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other receivables = Other financial institution receivables + Bonds (since Dec. 1974).

Corporate sector: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds (since Dec. 1974).

Liabilities = Investment deposits + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims.

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

Figures for deposits and advances are supplied by the Central Statistical Office. From the beginning of 1974 the figures include deposits by and advances to other credit institutions.

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.

From 1974 the money supply includes estimates of Finnish notes and coins held by the savings and co-operative banks. Exact figures are not available.

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 Postipankki 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 volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 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. *Commercial timber fellings* compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

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 1975 is as follows: Social Democrats 54, People's Democrats 40, Centre Party 39, Conservatives 35, Swedish Party 10, Liberal Party 9, Christian League 9, Finnish Farmers Party 2, Finnish People's Unification Party 1 and Finnish People's Constitutional Party 1.

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 (1974): 4.7 million. Sweden 8.2. Switzerland 6.5, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1974): In South Finland 45.8, in East and Central Finland 16.9, in North Finland 3.6 and in the whole country an average of 15.4 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1974): 58 % of the population inhabit the rural areas, 42 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 504 280 inhabitants, Tampere (Tammerfors) 165 668, Turku (Åbo) 163 336.

EMPLOYMENT (1974): Agriculture and forestry 16 %, industry and construction 36 %, commerce 16 %, transport and communications 7 %, services 25 %.

LANGUAGE (1973): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1975): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1974): births 13.3 ‰, deaths 9.6 ‰, change + 4.1 ‰, net immigration 0.3 ‰. Deaths in France 10.4 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1974, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 806 (5 %), forestry and fishing 5 154 (7 %), manufacturing 22 370 (31 %),

construction 7 525 (11 %), transport and communication 6 991 (10 %), commerce, banking and insurance 9 683 (13 %), public administration 3 357 (5 %), ownership of dwellings 3 058 (4 %), services 10 268 (14 %), total 72 212. Index of real domestic product 159 (1964 = 100).

FOREST RESOURCES (1974): The growing stock comprised of 1 511 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, 606 million m³ was up to the standard required for logs, 59 % of these being pine. The annual growth was 56.9 million m³ and the total removal, calculated on the basis of roundwood consumption, was 52.9 million m³.

AGRICULTURE (1973): Cultivated land 2.7 million hectares. Number of holdings 266 000, of which 176 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 114 % in the crop year 1973/74.

INDUSTRY (1972): Gross value of industrial production 44 958 mill. marks, number of workers 404 033, salaried employees 114 534, motive power (1971) 5.7 mill. kW. Index of industrial production 114 for 1972 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1976): Length 5 919 km.

MERCHANT FLEET (Dec. 31, 1975): Steamers 24 (13 300 gross reg. tons), motor vessels 365 (896 200 gross reg. tons), tankers 61 (1 138 600 gross reg. tons). Total 450 (2 048 100 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1974): Passenger cars 936 700, lorries and vans 124 900, buses 8 600, others 6 000. Total 1 076 200.

FINNISH AIRLINES (Feb. 10, 1976): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6.10 Super Caravelles, 9 DC-9s, 3 DC-9-51s, 2 DC-10-30 and 5 Convair Metropolitan. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). 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 one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

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, 1974). There are two big and five small commercial banks with in all 857 offices, 294 savings banks, 390 co-operative banks, six mortgage banks, and Postipankki. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1975). 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 %; 36 month deposits 9 % + savings premium; 36 month deposits 8 ¼ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

THE CO-OPERATIVE MOVEMENT IN FINLAND

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THE DEVELOPMENT OF FINNISH CO-OPERATIVE MOVEMENT BEFORE 1945

After its birth in England and in Germany, the Co-operative Ideal spread to Finland in the 1860s partly directly and partly through Sweden. However, it was not until 1899 that the Pellervo Society, an organization for promoting the co-operative movement, was founded here. The first Act governing co-operative activities was passed in 1901. A notable reform in co-operative legislation took place in 1954, when a Co-operative Society Act was passed. In connection with the general reform of banking legislation in 1969, a Co-operative Bank Act governing the activities of co-operative banks was passed (see Bulletin 1/1970 and 5/1971).

Before the enforcement of the 1901 Co-operative Society Act there had already been a period of vigorous co-operative activity, and a great number of co-operative societies had been set up. After the establishment of the Pellervo Society, a central institution of co-operative banks, the Central Bank of the Co-operative Banks of Finland Ltd, was founded in 1902. Co-operative shops set up their central commercial organization, Finnish Co-operative Wholesale Society (SOK), in 1904. The central organization of co-operative dairies, now called the Co-operative Dairies Association Valio, was founded in 1905. The Central Co-operative Hankkija, concerned with agricultural produce and supplies, was also established in that year.

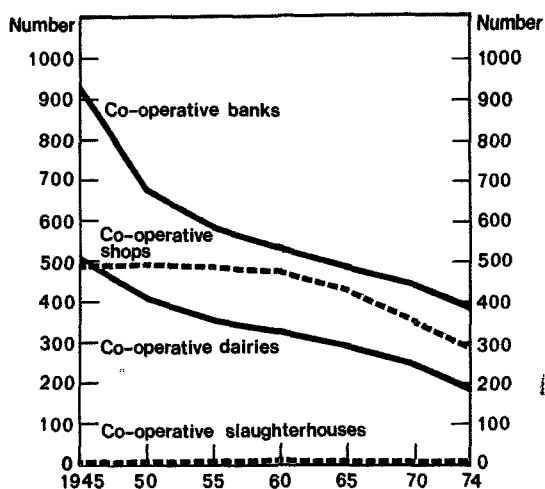
The expansion of the co-operative movement in the early 1900s was rapid, and, at the end of the first decade, there were some

1 700 co-operatives functioning in Finland, divided between the four central organizations. In the 1910s, the co-operative movement was split into two. In 1916, the co-operatives dominated by the working class withdrew from the ideological central organization, the General Co-operative Union (YOL), and founded one of their own, the present Co-operative Union (KK). In the following year, they withdrew from the Finnish Co-operative Wholesale Society (SOK) as well and established the Co-operative Wholesale Society (OTK). The KK and OTK, together with their member co-operatives, make up the present Progressive Co-operative Movement (E-co-operatives). The co-operatives acting among the Swedish-speaking population separated from the Pellervo Society and set up their own central organization, the Finnish-Swedish Co-operative Union (FSA), in 1919. The co-operative slaughterhouses operating on a provincial basis had founded their central organization, now the Karjakunta, in 1918, but after co-operative shops became members, the slaughterhouses withdrew and founded the Central Meat Co-operative (TLK) in 1936. Co-operative activities among forest owners led to the establishment of the Forest Co-operative Union in 1947.

DEVELOPMENTS IN THE CO-OPERATIVE MOVEMENT AFTER WORLD WAR II

The Finnish co-operative movement can be roughly divided into four categories: consumers' co-operatives, which are designed to provide their members with necessary consumer goods, co-operatives engaged in the marketing and processing of agricultural pro-

CHART 1. NUMBER OF PRIMARY CO-OPERATIVES IN 1945—1974



duce, co-operative banks, and other co-operative enterprises. The functions of the last-mentioned category are very diverse, there are no adequate data available, and hence it will not be dealt with here. The division of functions between the various types of co-operative organization in Finland is not always very distinct, so that one can find similar services being provided by co-operatives and co-operative organizations belonging to very different categories.

The number of primary co-operatives has declined since World War II, as is indicated in Chart 1. In most cases, this decline in numbers has been the result of amalgamations: the co-operatives have thus made efforts to consolidate and enlarge the size of their enterprises.

Although the number of co-operatives has decreased in Finland, their total membership has grown. In absolute terms, the largest growth has been recorded for the memberships of co-operative shops although, in relative terms, this growth has been the smallest (Table 1). In the middle of the 1970s, SOK and E-co-operative shops had a total membership of about 1 200 000. This figure is approximately equal to the number of households in Finland. However, it should be noted that many persons are, at the same time, members of societies from both groups. Multiple membership is particularly common among the rural population where, for instance, a farmer can be a member of a co-operative shop, a co-operative slaughterhouse, a co-operative bank and of some other so-called »small co-operatives».

In the development of turnovers of different primary co-operatives, similar trends can be observed, with the upswings and the downswings occurring in all sectors at much the same time (Chart 2). However, the curve illustrating the turnover of co-operative shops is slightly more even than those for the turnovers of other primary co-operatives; this might be due to the more diversified nature of their business activities. If turnover per member is used as some kind of a measure, it should be noted that the services of many co-operatives, particularly co-operative shops, are used by many people who are not members of the co-operative. In any case, the development of turnovers of all co-operatives other than slaugh-

TABLE 1. MEMBERSHIP OF PRIMARY CO-OPERATIVES IN 1945—1974

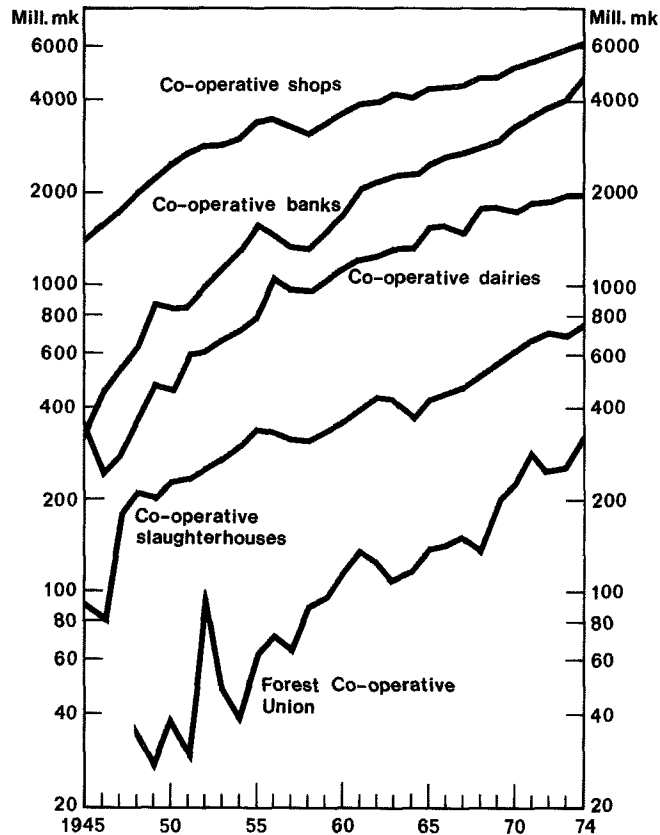
	1945	1950	1955	1960	1965	1970	1974 ¹	Average annual increase, per cent
Co-operative shops	767 000	963 800	1 039 300	1 009 900	1 082 400	1 147 300	1 250 000	1.0
Co-operative banks	177 900	231 300	278 000	301 900	311 800	289 700	266 000	1.2
Co-operative dairies	71 100	76 600	110 200	179 900	183 400	161 700	131 000	3.2
Co-operative slaughterhouses	22 800	90 400	105 800	112 300	139 500	135 200	129 000	4.2
Forest Co-operative Union		52 900	52 100	58 900	62 200	88 900	90 600	2.7
Total memberships	1 038 800	1 415 000	1 585 400	1 662 900	1 779 300	1 822 800	1 866 600	

¹ Preliminary data

ternouses shows that the growth in turnover is, to an ever increasing extent, due less to increases in membership, and more to increased use, by members and non-members alike, of the services provided by the co-

operatives. On the other hand, some co-operative slaughterhouses have, in recent years, tried to limit the supply of their services mainly to their members.

**CHART 2. TURNOVERS OF PRIMARY CO-OPERATIVES
(FOR CO-OPERATIVE BANKS, TOTAL LENDING)
IN 1945-1974, AT 1970 PRICES, MILL. MK**



Of co-operative central organizations, the fastest growth in turnover has been recorded for the smaller central organizations, the Central Co-operative Hankkija, the Central Egg-Marketing Co-operative, the Central Meat Co-operative and the Forest Co-operative Union. It seems as if they have had the most scope for expansion, or that they have been able to make decisions and take action more quickly than have the larger central organizations.

The business activities of co-operative central organizations have accounted, throughout the total post-war period, for approximately the

same share (35-40 per cent) of the total turnover of all central wholesale houses (SOK, OTK, Hankkija, Kesko Oy and Tukku-kauppojen Oy).

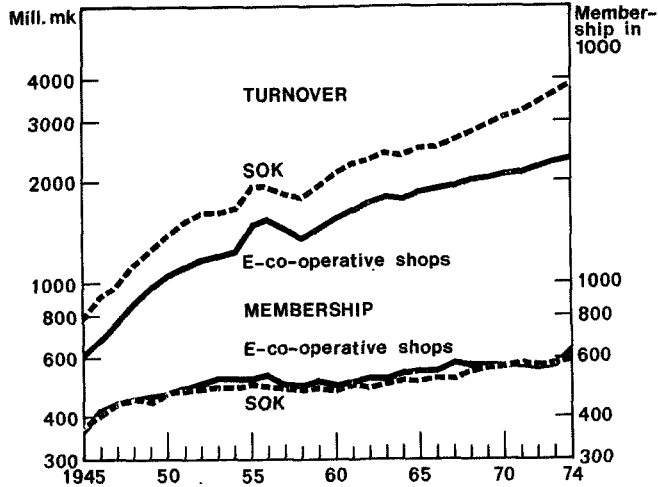
CO-OPERATIVE SHOPS

When examining the progress of SOK and E-co-operative shops, it can be seen that the turnovers of the former have grown, on average, slightly faster than those of the latter. Amalgamations of co-operatives into larger units have been typical of both categories

although, despite their smaller number, E-co-operative shops have amalgamated relatively more than those of SOK.

Under the guidance of their central organizations, both co-operative groupings have developed their networks of establishments

CHART 3. TURNOVERS OF SOK AND E-CO-OPERATIVE SHOPS IN 1945—1974, AT 1970 PRICES, MILL MK., AND THEIR MEMBERSHIP IN 1945—1974



quite vigorously. Small, unprofitable branches have been closed and replaced by large modern establishments. For instance, in the construction of department stores, the co-operative movement has been one of the major powers in Finland; the share of co-operative stores in the total turnover of department stores is larger than their share in retail trade as a whole. Furthermore, the co-operatives have closed small, technically backward production units and, either together with their central organization or in groups between themselves, have built common production units for their supplies. Although the number of establishments has declined, the number of employees has grown, which shows that the decline has taken place mainly among small establishments.

Several co-operative shops, members of both organisations, have greatly expanded their hotel and accommodation services, as well as their cafeteria and restaurant services, all of which were previously quite limited. In the Helsinki area, for instance, more than one half of the hotels are now owned by co-operatives.

Co-operative shops and their central organizations have started, more determinedly than in the past, to take advantage of their distribution network covering the whole country. They have rationalized their warehousing facilities, transferring commodities, previously stored by individual shops, into provincial central warehouses or distribution centres serving several shops at the same time. This principle of centralization is also reflected in the creation of certain service chains, for instance, in the sectors of accommodation, furniture trade, department stores and textile trade.

When examining the activities of co-operative shops in different parts of the country, it can be seen that northern Savo and northern

In creating their network of department stores, co-operatives have turned to more diversified business activities; food retailing is now accompanied by the sale of various consumer and investment goods. The co-operatives have thus adapted their activities to the rising standard of living of the population.

Ostrobothnia are very active regions. E-co-operative shops are particularly dominant in Uusimaa, whereas SOK shops are most strongly represented in western Finland. More than one half of the members of SOK co-operative shops are still engaged in agriculture. In fact, most of the SOK co-operative shops operate in the countryside, while E-co-operative shops are relatively more predominant among the populations of urban and industrialized regions. This is also reflected in their attitudes towards general social policy; in recent years, the E-co-operative movement has made determined efforts to strengthen its ties and relations with the vocational and the political labour movements.

One can see that a close connection exists between the size of the turnovers of co-operative shops, the number of their establishments and the sphere of their activities, and that co-operative shops tend to make particular efforts to serve the interests of their members. The smallest co-operative shops may have a membership of about a hundred and a turnover of about one million marks, and the largest a membership of tens of thousands and a turnover of even hundreds of millions of marks. There are, however, some co-operative shops with a relatively small membership, operating in a fairly limited sector, but nevertheless having a turnover totalling tens of millions of marks.

Although co-operative retail trade has expanded, the share of retail trade in the total business activities of co-operatives is declining.

CO-OPERATIVE ACTIVITIES IN THE PROCESSING AND MARKETING OF AGRICULTURAL AND FORESTRY PRODUCTS

Co-operative organizations play an important role in the processing and marketing of agricultural produce in Finland. In addition, the major part of the purchasing of agricultural supplies by farmers takes place through co-operatives.

TABLE 2. PERCENTAGE SHARES OF CO-OPERATIVES IN THE PROCESSING OF AGRICULTURAL PRODUCTS

	1965	1970	1974
Milk received by dairies	97	96	96
Butter production	98	98	97
Cheese production	96	96	95
Meat received by slaughterhouses, total	84	82	86
Co-operative slaughterhouses	47	46	48
Karjakunta	20	20	20
OTK	17	16	18
Egg collecting, total	63	61	65
Pellervo Co-operatives	53	52	54
OTK Co-operatives	10	9	11
Grain collecting, total	81	75	74
SOK group + Hankkija	60	62	60
OTK	21	13	14

In recent years, milk production has been a significant source of income for Finnish farmers, and it has been estimated that it provides some farmers with almost half of their income. As with all primary co-operatives, the number of co-operative dairies has declined as a result of amalgamations and agreements on joint operation. However, despite changes in the industrial structure of the population, the total membership of co-operative dairies increased until the middle of the 1960s, although it has been declining since then (see Table 1).

Some co-operative dairies have undertaken various forms of joint activities. For example, a number of dairies have set up some secondary co-operatives or joint-stock companies for certain special purposes, like the manufacture of powdered milk. The central organization Valio has generally participated in these joint ventures.

The amalgamation of co-operative dairies has been common in southern and eastern Finland. Relative to the regional population, the membership of co-operative dairies has increased most rapidly in eastern Finland: in 1945 dairies in the eastern part of the country had a total membership about half that of dairies in western Finland; by the middle of the 1970s membership in eastern Finland had already surpassed that for the west of the

country. Changes in the production structure of farming are also reflected in these figures: an increasing number of farmers in southern Finland have gone over from dairy farming to other types of farming, and hence other areas have become predominant in the activities of co-operative dairies. On the other hand, it is noticeable that, although the total membership of co-operative dairies in western Finland has developed differently from that of dairies in eastern Finland, an equal difference is not recorded in the total amounts of milk produced. It seems obvious that the farmers who have given up dairy-farming have mainly been owners of small herds in western Finland. This might be one of the logical results of recent agricultural policy measures in Finland (see Bulletin 2/1976).

When examining the dairy activities of co-operative enterprises, it can be seen that there was a structural improvement when the E-co-operative movement gave up the majority of its dairies and sold them to the Co-operative Dairies Association. The dairies in southern Finland have, to an ever-increasing extent, specialized in distributing milk to consumers, whereas the production of cheese and butter has been shifted over to dairies operating in the country's central parts. Nevertheless, it has become necessary to bring extra milk to the country's largest population centres, particularly Helsinki, from further and further off, even from distances of hundreds of kilometres.

The co-operatives engaged in meat processing are the Central Meat Co-operative (TLK) with its member slaughterhouses, the Central Co-operative Karjakunta, consisting mainly of SOK co-operative shops, and the E-co-operative movement, mainly through its central organization the Co-operative Wholesale Society (OTK). The co-operatives' share in meat supply has remained almost unchanged, but arrangements made in the middle of the 1970s may cause a substantial increase in their market share.

Since their establishment, co-operative slaughterhouses have operated on a provincial basis,

so that it took a longer time than in other sectors of co-operative activities before the number of them began to decline to any notable degree. The total turnover of slaughterhouses has grown at approximately the same rate as their membership.

As a result of amalgamations, some co-operative slaughterhouses now operate in several provinces, and the largest of them, Lihakunta, has an area of operation covering almost half of the country. Both in term of membership and the volume of meat exchange, the co-operative slaughterhouses in eastern Finland have expanded the most. In this sense, the development of co-operative slaughterhouses resembles that of co-operative dairies. Membership of co-operative slaughterhouses in relation to total population is highest in eastern Finland. It is also there that the income derived from meat production is more important to farmers than in other parts of the country.

The membership of the Central Co-operative Karjakunta consists almost entirely of SOK co-operative shops. Since the Karjakunta markets most of its products through SOK co-operative shops, it is called the central meat organization of SOK co-operative movement. The Karjakunta's share in the supply of meat has remained almost unchanged in recent years.

Several of the E-co-operative shops previously carried on their own meat processing. Recently, these activities have been taken over entirely by the Co-operative Wholesale Society (OTK), which, as well as having co-operative slaughterhouses operating in different parts of the country, has meat processing establishments in various places (as does the Karjakunta).

A special co-operative, the Forest Co-operative Union, Metsäliitto, is engaged in wood processing. It is a primary co-operative, the members of which are forest-owners from different parts of the country. The ratio of the numbers of members of the Metsäliitto to total population varies slightly in different parts of Finland. The Metsäliitto has launched campaigns to expand membership particularly in those parts

of the country, where it has been establishing wood-processing factories. The Metsäliitto has several establishments in various parts of the country, operating as joint-stock companies. In recent years, about one sixth of the total amount of wood felled from privately-owned forests has been marketed through the Metsäliitto, which sells its products in both domestic and foreign markets. The Metsäliitto has, in recent years, expanded its wood-processing activities in co-operation with the Central Government and a few other enterprises engaged in wood processing.

In addition, both the SOK and E-co-operative movements run a few industrial enterprises which are mainly engaged in mechanical wood processing. Those are primarily to serve the carpentry and furniture industries belonging to the same co-operatives.

Of the egg-collecting trade, about two thirds is operated by co-operative organizations, a market-share which has remained almost the same in recent years. The activities in this sector have been divided between the co-operative shops and the special egg-marketing co-operative, Vientikunta Muna.

CO-OPERATIVE BANKS

Finnish co-operative organizations are also engaged in banking. Co-operative banks and their central banking institution, the Central Bank of the Co-operative Banks of Finland Ltd, compete with other banking organizations (commercial banks, saving banks, and the Postipankki). In addition, co-operative shops have their own savings funds intended for members only, but they are of minor importance on the money market.

Since 1945 the number of co-operative banks has declined to less than one half: their total being 941 in 1945, but only 390 in 1974. Most of the amalgamations have taken place in eastern Finland, whereas western Finland has had the least. If the membership of co-operative banks is compared with the population over 15 years of age, it can be observed that they have strong support particularly in eastern

and northern Finland. When examining the ratio of advances granted by co-operative banks to their deposits, southern Finland shows the highest ratio.

The ratio of advances granted by co-operative banks to total bank lending, as well as the share of their deposits in total deposits, has increased since World War II. At the end of 1974, the co-operative banks accounted for about 17 per cent of total lending and about 19 per cent of total deposits. After World War II, the co-operative banks and their central organizations have acted as intermediaries for a major part — from 50 to 60 per cent — of the credits granted by the Central Government. In recent years, co-operative banks have financed more than 50 per cent of the activities of the agricultural sector and the business enterprises involved therein.

THE ROLE OF CO-OPERATIVES IN THE FINNISH ECONOMY

When examining the role and importance of the co-operative movement in the Finnish economy, it can be seen that the co-operatives' percentage share of output in different sectors was the largest in retail trade, banking, and catering and accommodation services. In retail trade it has been about 25 per cent, while its shares in banking, and in catering and accommodation have grown since World War II, in the former group from 25 per cent to more than 30 per cent, and in the latter group from 20 per cent to more than 30 per cent (see Table 3).

TABLE 3. CO-OPERATIVES' CONTRIBUTION TO GDP BY ACTIVITY IN 1956—1973, PER CENT

	1956	1960	1965	1970	1973 ¹
Agriculture and forestry	2.1	1.9	1.8	2.4	2.0
Industry	5.8	5.9	6.8	7.4	5.7
Commerce	21.3	23.4	22.1	22.9	22.6
Banking	25.1	29.1	31.5	31.1	30.2
Catering and accommodation	21.5	24.4	25.0	31.1	33.5
GDP as a whole	5.2	5.2	6.1	6.1	8.1

¹ Preliminary data

The internal breakdown of the total product of co-operatives reveals that commerce still plays an important role, although its share has fallen from more than 40 per cent to about 35 per cent. On the other hand, co-operative industrial enterprises have expanded so vigorously since World War II that their share in the co-operatives' total product has in-

creased from 30 per cent to almost 40 per cent. The co-operatives' share in the economy's total wage bill is slightly larger than their contribution to GDP, which is natural because GDP is partly produced by a large number of self-employed entrepreneurs and members of their families, whose income is not included in the total wage bill.

ITEMS

A record year for Finnish ship-yards. The total output of Finnish ship-yards reached a new record in 1975. According to data compiled by the Association of Finnish Shipbuilders, Finnish ship-yards had, by the end of the year, delivered a total of 37 vessels, with a total tonnage of 280 300 gross register tons, 318 100 dead-weight tons.

The majority of the vessels were delivered to the Soviet Union and Norway; the former receiving 13, with a total tonnage of 135 328 gross register tons, and the latter 8, with a total tonnage of 73 684 gross register tons. In addition, vessels were delivered to Sweden, the United States, Greece, Libya and Cuba, as well as to domestic shipping lines. The total turnover of ship-yards in 1975 amounted to 1 900 million marks. The total value of new vessels exported was about 1 600 million marks, some 8 per cent of the total Finnish exports. Despite this record output, the shipbuilders' order-books are still well filled. At the turn of the year 87 vessels were on order, a total tonnage of some 1 170 000 gross register tons. Employment is thereby ensured for all ship-yards until the end of 1977. Moreover, Wärtsilä's ship-yards in Helsinki

and Turku, as well as Valmet's ship-yard in Helsinki, already have contracts for deliveries in 1978—1979.

The vessels delivered in 1975 were representative of the high-quality special ships characteristic of Finnish shipbuilding. These included three large luxury-class car-passenger ships for Soviet use on the Black Sea, and three polar tankers for service in the Arctic.

Last year's deliveries also included chemical tankers, ro-ro vessels, Urho-class icebreakers for service in the Baltic, a polar icebreaker of 36 000 axle horsepower, one of the world's largest car transport ships, and an interesting new development, a Catatran ro-ro vessel.

In terms of total tonnage and number of vessels delivered, Wärtsilä's ship-yards in Turku ranked first, with eight vessels and 136 061 gross register tons. Their Helsinki yard delivered four vessels, with a total tonnage of 26 131 gross register tons. Rauma-Repola's ship-yard at Rauma delivered six vessels, with a total tonnage of 79 791 gross register tons, and their Mäntyluoto factory delivered two oil-drilling platforms.

BANK OF FINLAND

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Heikki Koskenkylä

Research Dept.

Antti Luukka

Cash

K. Eirola

Automatic Data Processing

A. Nenonen

Foreign Correspondence

Stig G Björklund

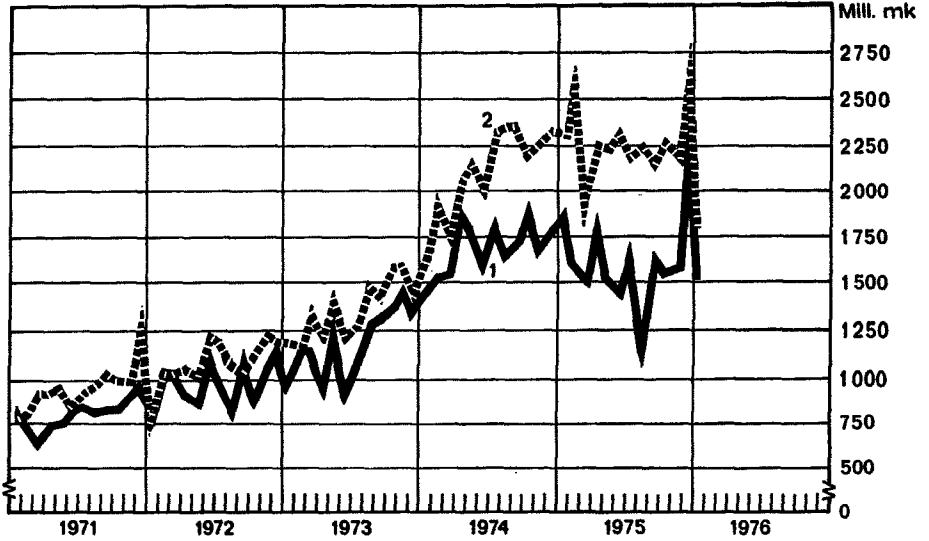
Banking Services

Eino Suomela

Internal Audit

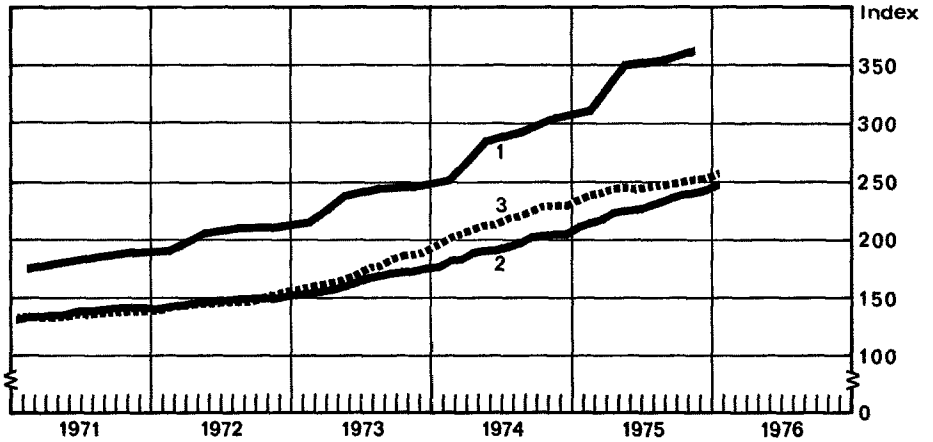
FOREIGN TRADE, 1971-1976

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



PRICES AND WAGES, 1971-1976

- 1. Index of salary and wage earnings 1964 = 100, quarterly
- 2. Cost of living index 1964 = 100, monthly
- 3. Wholesale price index 1964 = 100, monthly



PRODUCTION, 1970-1975

- 1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

