

banks are permitted equity positions in limited liability companies. This has led many companies to obtain financing traditionally through debt, not equity.

Finnish industry has a high degree of vertical integration, up-and down stream, reflecting the small population and limited domestic market. Companies often concentrate on specialized market segments in which they can develop world-class products; the ship-building industry is a good example of this phenomenon.

In general, Finland has weathered the recession reasonably well due, in large part, to its export performance first in Western markets and, later, through increased exports to the East. Fiscal policy has been mildly stimulative and domestic interest rates have been kept low. However, unemployment is worrisome as it hovers around the 7 per cent mark and likely will turn moderate only toward the end of 1983. Also of concern is the fact that foreign obligations are assuming an increasing proportion of the national debt, now some 60 per cent.

Industry

Finland possesses a diversified highly-competitive industrial base despite its small domestic market. Forestry remains the "greengold" of Finland although the recession has severely constrained its profitability. Finnish producers of sawn goods, pulp and paper have invested in modern specialized equipment in order to be ready for an anticipated rise in demand for these products.

Economically, 1982 was not a bad year for the engineering and metal industries with output growing some 2 per cent over 1981 although orders declined sharply in the latter part of the year, particularly from the forestry sector. Mainly because of Soviet demand, orders in the shipbuilding sub-sector remained firm. The electronics sector continues to grow with increased diversity and development of world-class specialty products in areas ranging from diagnostic to atmospheric sampling equipment. Nokia Electronics is the dominant company in the field although many smaller companies are also successful.