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INTELLIGENCE MEMORANDUM

IMPLICATIONS OF FINNISH TRADE  
WITH THE SINO-SOVIET BLOC

CIA/RR IM-424

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IMPLICATIONS OF FINNISH TRADE WITH THE SINO-SOVIET BLOC\*

Summary and Conclusions

The economic losses incurred by Finland in two wars with the USSR and the stringent provisions imposed by the peace treaty of 1947 left Finland impoverished and vulnerable to Soviet economic encroachments. Soviet insistence that Finland deliver reparations valued at more than US \$500 million,\*\* primarily in products of the metalworking and shipbuilding industries, commodities not previously exported to any large extent by Finland, substantially compounded the economic burden.

The forced expansion of Finnish industry, primarily geared to deliveries of reparations, left the Finns dependent on Soviet markets even after such deliveries had been completed. By the end of 1953 the Sino-Soviet Bloc accounted for almost one-third of Finnish foreign trade, and the USSR displaced the UK as the principal trading partner of Finland.

The serious decline in the world demand for wood and wood products and the inability of Finland to find suitable markets in the West for products of its metalworking and shipbuilding industries, in which Finland does not have a comparative advantage in trade, have made it imperative, in Finnish eyes, to retain their markets in the Sino-Soviet Bloc.

Finnish dependence upon the USSR as a primary market for Finnish industrial production, in turn, has engendered a substantial reliance upon the Soviet Bloc as a source of supply. Faced with the prospect of increasing its already large accumulation of inconvertible currency from the Bloc, Finland has been obliged to import large quantities of goods from the Bloc. Finland has been forced to re-export many of these goods, often at considerable loss. Total Finnish requirements for imports of petroleum, coal, bread grains, sugar, fodder, fertilizers, and, to a lesser extent, of iron and steel, ferroalloys, and cotton now are filled almost entirely by the Soviet Bloc.

\* The estimates and conclusions contained in this memorandum represent the best judgment of ORR as of 1 January 1956.

\*\* Dollar figures are given in current US dollars unless otherwise specified.

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That such close commercial ties with the Soviet Bloc constitute a latent danger to Finnish independence and make Finland vulnerable to Soviet pressure is evident both to Western observers and to the Finns themselves. There is little evidence, however, of any immediate threat to Finnish economic or political integrity. The inability of Finland to find suitable imports from the Soviet Bloc and its reluctance to accumulate larger ruble balances militate against a substantial increase in Finno-Soviet trade in the foreseeable future. Finland is intensifying its efforts to lower its costs of production and to increase the ability of its metalworking and shipbuilding industries to compete in both the domestic and foreign markets. There is evidence that, if the USSR were to curtail suddenly its imports of Finnish products, Finland could, after a period of initial adjustment, adapt itself to new patterns of production, consumption, and trade with the non-Bloc areas. This readjustment, of course, would depend upon Western willingness and ability to absorb the bulk of the traditional Finnish exports.

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I. Historical Background.

Before World War I the position of Finland as an autonomous Grand Duchy attached to the Russian Empire led inevitably to strong commercial ties with the Empire. Russia occupied first place among the trading partners of Finland and accounted for about 30 percent of total Finnish foreign trade. In fact, Finnish industry had been geared so closely to Russian requirements for imports that in 1913, Russia absorbed 62 percent of the pulp and paper, 98 percent of the leather goods, 84 percent of the metal manufactures, 98 percent of the stone and mineral production, and 97 percent of the products of the spinning and weaving mills exported by Finland. 1/\*

The Russian revolution and subsequent Finnish independence substantially altered the traditional pattern of Finnish foreign trade, and after 1920 the USSR accounted for little more than from 2 to 3 percent of the total foreign trade of the new Finnish Republic. This rapid decline was primarily a result of the Soviet policy of limiting imports to vitally needed capital goods in an effort to hasten Socialist construction and economic self-sufficiency. Not until 1940 was any concerted effort made to expand the exchange of goods between the USSR and Finland, and a trade agreement concluded in June of that year was abrogated by war.

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\* For serially numbered source references, see Appendix B.

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In the meantime, the UK had quickly become the major market for Finnish exports. The UK was to remain the principal trading partner of Finland until 1953. In 1938, the last full year of normal trade relations, 42.7 percent of the value of total Finnish exports went to the UK, compared with 14.8 percent to Germany, 9.2 percent to the US, 2.8 percent to Sweden, and 0.5 percent to the USSR. 2/

Finnish involvement in two major conflicts (1940-45), coupled with the particularly stringent provisions of the peace treaty imposed by the USSR, left Finland impoverished, with its foreign trade practically at a standstill. Finland was forced to cede to the USSR approximately 13 percent of its territory, including 11 percent of its cultivated land; 432 plants which had contributed more than 10 percent of its total industrial production; 600 miles of railroad trackage, approximately 17 percent of the total; plants which had produced 32 percent of its prewar hydroelectric power; and many valuable ports which had handled almost 20 percent of Finnish prewar exports. 3/

Especially hard hit were the woodworking plants that had produced the bulk of Finnish exports before World War II. Among the plants surrendered to the USSR were 65 saw and planing mills, which had produced 12 percent of the total production in 1938, and many other factories and plants, which had accounted for 26 percent of the chemical pulp, 15 percent of the plywood, 12 percent of the mechanical pulp, and 5 percent of the paper produced by Finland. 4/ It has been officially estimated that the economic loss in the ceded territories represented almost 13 percent of the prewar natural resources of Finland. 5/

## II. Reparations.

The difficulties that beset the already strained economy of Finland were increased by the reparations that were imposed by the armistice treaty of September 1944 and later confirmed by the peace treaty of 1947. Finland was obliged to pay in kind to the USSR war reparations amounting to \$300 million (1938 dollars), payable within a 6-year period. Although subsequent agreements reduced the sum to \$226 million (1938 dollars) and extended the term of payment to 8 years, the Soviet demand that deliveries of reparations include many commodities not previously exported by Finland forced an expansion of Finnish industrial production. 6/ Aided, however, by US and Swedish loans totaling \$373 million, chiefly for investment in

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metalworking and shipbuilding industries, Finland was able to fulfill its reparations obligations, and by September 1952 it had delivered to the USSR commodities worth more than \$500 million. 7/

Finnish war reparations to the USSR, 1944-52, are shown in Table 1.

Table 1  
Finnish War Reparations to the USSR a/  
1944-52

Year	Cost of Reparations <u>b/</u>		Reparations as a Percent of	
	Million Current Dollars <u>c/</u>	Billion Finnmarks	Total Budgetary Expenditures	Total Exports
1944	0.2	0.27	0.7	4.3
1945	91.2	8.17	19.3	61.0
1946	64.5	8.78	14.4	27.6
1947	76.5	10.40	14.2	18.7
1948	84.9	11.55	11.1	17.0
1949	74.2	12.23	10.9	15.7
1950	34.1	7.85	6.1	8.7
1951	53.9	12.40	6.8	6.2
1952	35.7	8.25	4.1	5.0
Total	<u>515.2</u>	<u>79.90</u>		

a. Except for the value of reparations in dollars, data were derived from source 8/.

b. Excludes former German assets.

c. 9/

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With more than one-half of all deliveries to the USSR scheduled to consist of commodities not previously exported, Finland was forced to begin new lines of manufacture quickly, and production was reorganized to meet the demands for reparations. The commodity composition of Finnish exports and reparations deliveries in 1935-37, 1944-52, and 1953 are shown in Table 2. The figures, given in percentages of total values, indicate the magnitude of the modifications in the Finnish industrial structure required by the deliveries of reparations to the USSR.

Table 2  
Commodity Composition of Finnish Exports  
and Reparations Deliveries  
1935-37, 1944-52, and 1953

	Percent of Total Value		
	Total Exports 1935-37 <u>a/</u>	Reparations 1944-52 <u>b/</u>	Total Exports 1953
Wood and paper products	83.9	27.8	77.6
Metalworking products	2.8	72.2	10.7
Machinery and equipment		31.2	
Ships		35.3	
Electric cable		5.7	
Agricultural products	8.7		3.7
Other	4.6		8.0
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

a. 10/  
b. 11/



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The major burden, of course, fell on the Finnish metalworking and shipbuilding industries, because 35.3 percent of the total value of reparations was to consist of shipping of various types; 21.2 percent, of machinery and equipment; and 5.7 percent, of electric cable. Deliveries during the first years of industrial reorganization necessarily consisted largely of used ships and wood products, but the value of the products of the metalworking and shipbuilding industries steadily increased from 17 percent of the value of all reparations in 1954 to almost 99 percent during the last 4 years of such deliveries. 12/

The war itself had provided some impetus to the Finnish metalworking industry, but deliveries of reparations required an even more rapid expansion. The indexes of Finnish industrial production in selected years, 1938-54, are shown in Table 3. 13/

Table 3

Indexes of Finnish Industrial Production  
Selected Years, 1938-54

<u>Year</u>	<u>Total Industry</u>	<u>Wood and Paper Industries</u>	<u>Metalworking Industry</u>	<u>Other</u>
1938	100	100	100	100
1945	87	64	117	89
1952	166	109	235	179
1954	189	141	231	203

From an industry producing primarily for the domestic market and employing little more than 44,800 persons in 1938, the metalworking industry has become the second largest in Finland, employing over 80,000 workers, 30 percent of the total industrial labor force. Production has increased to almost two and one-half times that of 1938, and in 1951, the peak production year of the metalworking industry, it accounted for 27 percent of the net value of total industrial output. 14/

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Approximately paralleling the growth of the metalworking industry was the Finnish shipbuilding industry, which produced 571 vessels of various types for delivery as reparations. Between 1944 and 1949, personnel employed in the steel shipbuilding industry increased from 4,560 to 7,404, by 64 percent, and employment in the wooden and composite shipbuilding industry increased from 590 to 4,556, by 670 percent. 15/

III. Trade and Credit Arrangements.

A. Postwar Trade.

Once Finland was committed to the maintenance of close political relations with the USSR by the peace treaty of 1947 and the Finnish-Soviet Mutual Assistance Pact of 1948, closer economic ties with the USSR were inevitable. The expansion of Finnish commercial exchanges with the USSR, which was the result in part of pressing postwar reconstruction needs, the inaccessibility of Western sources of supply, and the heavy burden of reparations, brought about important modifications in the direction and composition of Finnish foreign trade.

The most striking feature, of course, was the increasing prominence of the Soviet Bloc in Finnish foreign trade. From the relatively insignificant 0.5 percent of total Finnish exports that went to the USSR in 1938, the proportion rose to a peak of 25.4 percent in 1953.\* The European Satellites also registered gains in trade with Finland as the result of trilateral agreements that were designed to compensate for Finnish-Soviet trade imbalances. Under these agreements, Finnish imports from the Bloc increased from 14.3 percent of total imports in 1947 to 34.4 percent in the peak year of 1953. Meanwhile, the UK forfeited its position as Finland's chief trading partner, a position which it had occupied since 1917. It is notable, however, that the large proportion of Finnish trade with the Soviet Bloc in 1953 was due less to any sizable increase in purchases from the Soviet Bloc than the steady decline in Finnish exports to the Free World after the Korean War.\*

\* See the chart, following p. 8, and Tables 5 through 10, Appendix A.

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B. Trade Agreements.

Before 1947 the exchange of goods, other than reparations, between Finland and the USSR proceeded on an ordinary clearing basis, with payments made through dollar accounts opened by the central banks of both countries. Under the terms of a trade agreement concluded in December 1947, however, Finnish commercial relations with the USSR were more firmly established, and provisions for the most favored nation principle and the right of mutual free transit were included. The commodity composition of Finnish-Soviet trade adhered generally to traditional patterns, with Finland importing wheat, rye, sugar, oil products, and fertilizers and paying for these imports with prefabricated housing, sawn timber, woodpulp, and paper. 16/

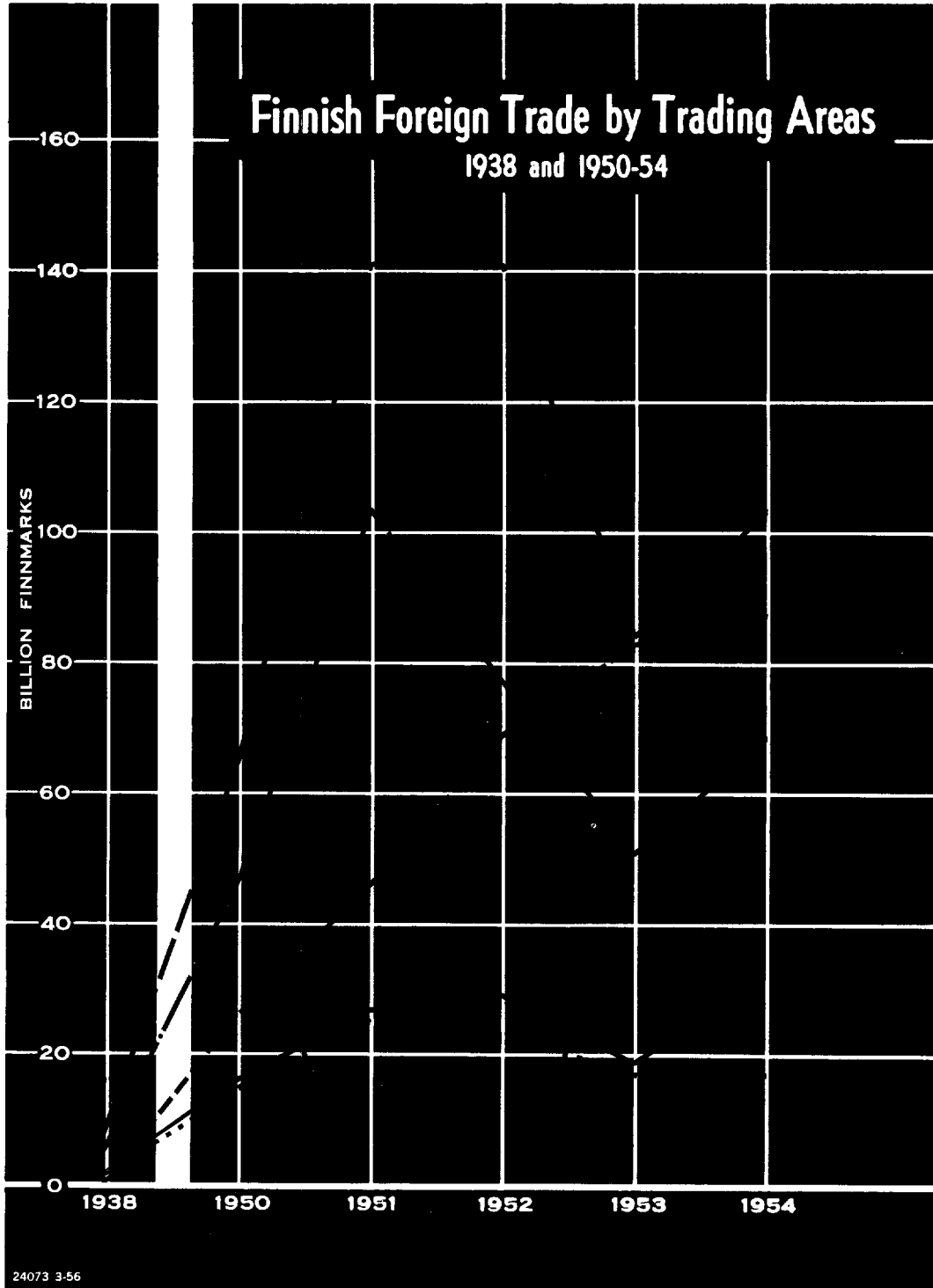
By 1952, however, with deliveries of reparations to the USSR virtually completed, a considerable change was evident in the nature of Finnish exports. For the first time in Finnish history, products of the greatly expanded shipbuilding and metalworking industries accounted for a significant share of Finnish free exports to the USSR. This change was confirmed first in the 1952 supplement to the 5-year Finnish-Soviet trade agreement concluded in 1950 and then in a trade protocol signed in November 1953, which dealt with trade in 1954. The latter agreement provided that machinery and equipment were to constitute 50 percent of Finnish exports to the USSR in 1954, including 34 percent which was to consist of ships. Wood and wood products accounted for 43 percent of the remainder. Finland imported from the USSR most of its required grain, fodder, petroleum products, sugar, and cotton. 17/

In July 1954, a second 5-year trade agreement with the USSR was concluded for the years 1956-60. In general the commodity composition of Finnish-Soviet trade remained similar to that of previous agreements. Ships are to account for 38 percent of the total value of Finnish exports to the USSR; products of the metalworking industry, 22 percent; and wood and paper products, 33.4 percent. 18/ Finnish-Soviet trade is scheduled to show a steady increase in both directions during the 1956-60 period. An annual Finnish export surplus of \$40 million is to be compensated for partly by trilateral deliveries from the European Satellites and partly by convertible currency supplied by the USSR. A ceiling of 60 million rubles is established for the deficit, which may be accumulated by either party. If exceeded, the sum must be settled in gold, dollars, or some other mutually acceptable currency. 19/

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C. Credit Provisions.

In February 1954, the USSR granted Finland a credit of \$10 million, to be drawn upon either in gold or foreign exchange at the discretion of the Finns. The amount borrowed within the stated 3-year period is to bear interest at 2.5 percent and is to be repaid in the same medium over a period of 10 years. This credit was the first to be granted in gold or convertible currency by the USSR to a country outside the Sino-Soviet Bloc. It was followed by a similar credit extended to Finland in January 1955. Thus far Finland has drawn a total of \$7.5 million to support currency reserves of the Bank of Finland and for specially selected productive purposes.

D. Trilateral Arrangements.

The use of trilateral agreements with the European Satellites to compensate for the surplus of Finnish exports to the USSR has been provided in the long-term agreement of 1950 and in all subsequent trade arrangements with the USSR. Since 1951, Finnish trade imbalances with the USSR have been covered, in whole or in part, by trilateral arrangements which have included, at one time or another, each of the Satellites except Bulgaria and Albania. By the end of 1954, Finnish credit in the clearing account with the USSR had been reduced to 21.5 million rubles, as compared with nearly 30 million rubles a year earlier and about 60 million at its peak during 1954. In an effort to reduce its indebtedness, the USSR not only encouraged trilateral trade arrangements with the Satellites but also made direct settlements with Finland in gold and foreign currencies. In 1954 such settlements totaled 40 million rubles. 20/

The ruble clearing arrangements, however, have substantially nullified any advantages which might have accrued to Finland from its excess of exports to the USSR. Unable to find suitable imports from the Soviet Bloc and needing raw materials from the Free World, Finland has been obliged to offer ruble clearing to the West at substantial discounts. The Finnish government also has been required to subsidize, with considerable loss, the re-export of large quantities of unusable goods from the Soviet Bloc.

Neither the credit agreements nor the provisions of the trade agreement for 1956-60 wholly solve the Finnish problem of accumulated ruble clearing, nor do they restore to Finland the freedom of choice it would have if Soviet payment for Finnish exports were made in hard currency.

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IV. Extent, Implications, and Consequences of Finnish Trade with the Soviet Bloc.

A. Extent of Finnish Dependence.

The reliance of Finland upon the Soviet Bloc as the primary market for its industrial products has engendered considerable dependence upon the Bloc as a source of supply. Although Finland re-exports a substantial portion of its imports from the Bloc, in an effort both to rid itself of unwanted imports and to purchase needed raw materials from the West, a significant share of Finnish foreign trade is firmly wedded to the markets and products of the Bloc.

Although Finnish-Soviet trade declined by 4.5 percent in 1954 as compared with 1953, Finland remained heavily dependent upon the Soviet Bloc as a market for its industrial output. Ninety-six percent of the value of exports of ships went to the Bloc (while Finland itself purchased vessels abroad), as well as 90 percent of all exports of machinery, copper, and copper products. Although Finland exports its forestry products largely to the West, 98 percent of all its exports of prefabricated houses went to the USSR in 1954. At the same time the USSR supplied 72 percent by value of the bread grains imported by Finland, 92 percent of the petroleum products (largely of Rumanian origin), 97 percent of the sugar, 43 percent of the cotton, 51 percent of the fodder, and 52 percent of the fertilizers. Poland and the USSR supplied 71 percent of Finnish imports of coal and coke, and the Bloc supplied 58 percent of the automobiles imported by Finland. <sup>21/</sup> If Finnish-Soviet commitments under the long-range trade agreement are met, Finnish dependence upon imports from the Soviet Bloc will increase considerably.

Perhaps even more significant in linking Finnish foreign trade with that of the Soviet Bloc has been the forced expansion of Finnish industry, geared to Soviet requirements for imports, which resulted from the compulsory delivery of reparations. The importance to Finland of export markets in the Soviet Bloc has been increased by the serious decline in the world demand for wood and wood products, the inability of Finland to find suitable markets in the West for goods primarily fashioned to Soviet needs, and the generally noncompetitive character of Finnish exports. For example,

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the cost of ship construction, according to the mission of the International Bank for Reconstruction and Development to Finland, is 30 to 40 percent above that of Western shipyards. 22/

B. Implications and Consequences.

The economic and political implications of the progressive increase in Finnish trade with the Soviet Bloc are viewed with misgivings by most non-Communist observers both in and out of Finland. The Finnish shipbuilding and metalworking industries continue to rely almost exclusively on the USSR as an export market. Finland relies almost completely on the Bloc, and on the USSR in particular, for imports of petroleum, coal, bread grains, sugar, fodder, and fertilizers. Finnish reliance on the Bloc is significant also in the case of iron and steel, ferroalloys, cotton, and a number of other industrial raw materials. Finnish imports of machinery, tractors, and automobiles, which hitherto had come almost entirely from the West, have recently been received in increasing volume from the USSR, Czechoslovakia, and East Germany.

The pitfalls of overdependence on markets in the Soviet Bloc have been made clear to the Finns on a number of occasions. Perhaps the most recent demonstration has been the serious decline in the Soviet market for Finnish exports of prefabricated houses. Soviet imports have decreased from approximately \$32.4 million in 1952, to \$28.1 million in 1953, to less than \$24.1 million in 1954.\* The Finnish anticipation of exporting 750,000 square meters of prefabricated houses annually to the USSR, as provided under the agreement for 1956-60, 23/ was frustrated by the Soviet announcement that the USSR would take only 250,000 square meters in 1955. 24/ The prospect of finding compensatory markets for this relatively high-cost industry are slim indeed, and it is difficult to gauge the economic dislocations which will result from the curtailment of production in one of the most important branches of Finnish industry.

Although the situation remains potentially dangerous for the Finns, there appears little indication of any immediate threat to Finnish economic or political integrity. If the USSR were to

\* Finnish dependence upon the Soviet market is evidenced by the fact that of total exports of 787,000 square meters in 1954, the USSR took 754,000 square meters.

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cut its trade ties with Finland suddenly, and if Western markets could again absorb the bulk of the items traditionally exported by Finland, it could adjust to new patterns of production, consumption, and foreign trade with the Free World. The period of adjustment would be uncomfortable but not fatal. The Finnish metalworking industry already sells from 70 to 80 percent 25/ of its output to the home market. If the costs could be measurably decreased or subsidies were arranged, projects such as the modernization of the over-age merchant fleet and the repair of rolling stock in Finland could provide ample employment for its shipyards and metalworking industries for years to come. Soviet supplies of grain, oil, and coal presumably could be replaced by the Free World. In terms of Western resources, annual Finnish requirements of 200,000 tons of wheat and 2 million tons of coal are not very large.

The degree of Finnish economic dependence on the USSR does not approach the degree of economic dependence of the Balkan countries on Germany before World War II, when 60 to 70 percent of Balkan trade was with Germany. Even in 1953, the peak year of Finnish trade with the Soviet Bloc, over two-thirds of its trade was still with the Free World; and prospects do not seem very good for Soviet-Finnish trade to exceed substantially its present proportions. Trade with the USSR will be governed to a large degree by the ability of Finland to find suitable imports from the USSR and to decrease its already sizable accumulation of inconvertible Bloc currencies. It will also depend upon the willingness of the USSR to increase its purchases of Finnish forestry products despite the fact that the USSR itself is an important producer of timber.

There is little reason to believe that the USSR would hesitate to attempt to scuttle Finnish industry by a sudden curtailment of trade, if Finnish behavior warranted such a drastic measure. Barring such a contingency, however -- and there is little to indicate that Finland will soon repudiate its policy of "friendly neutrality" toward the USSR -- drastic Soviet action appears unlikely. The USSR probably realizes that any further Soviet economic pressure upon Finland which the Finns deem inimical to Finnish national interests is likely to result in a net political loss for the USSR.

Finnish reliance upon the Soviet Bloc is not only of potentially serious consequence to Finland itself, but to all of the Free World. Finnish trade with the Bloc is a convenient mechanism by which the

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USSR is able to circumvent Western export controls. Finland has received from the West raw materials and components for use in the production of strategic goods for the Soviet Bloc. Because Finland is not receiving economic or financial assistance from the US, it is not subject to the provisions of the Battle Act, and there is no legal sanction which can be invoked to force Finland to delete strategic items from trade with the Bloc. The advisability of any COCOM agreement to impose export controls on Finland by the West is open to question. Such pressure would undoubtedly be fiercely resented in Finland and would perhaps result in the strengthening of Finnish ties with the USSR.

C. The Finnish View.

It is difficult to generalize concerning the many divergent views on increased economic ties with the USSR held by the Finns. Official opinion, however, has become sufficiently solidified to warrant certain conclusions. Influential Finns apparently are well aware of the potent political weapon which their economic dependence has given the USSR. Faced with the immediate alternative of either deactivating the costly metalworking and shipbuilding establishments or relying on the Soviet Bloc to buy enough products to sustain these industries, however, the Finns have apparently chosen the latter course.

To a large extent Finnish opinion is crystallized in the views of President Kekkonen, who has welcomed the excessive development of Finnish shipbuilding and iron and steel industries and hopes that Finland may win a high level of prosperity through increased commercial exchanges with the USSR.

At the conclusion of Finnish reparations payments to the USSR in September 1953, when he was Prime Minister, Kekkonen declared:

But on the day upon which war reparations conclude, we must also, and by preference, look forward. We must guarantee full activity in our modern industry which has sprung up on the basis of the war reparations. We can best do this by maintaining close and trusting trade relations with the Soviet Union, which knows

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our products and through experience relies upon our capacity to deliver. If we can manage to take advantage of our trade with the Soviet Union in proper fashion, then eight years of plenty will follow the eight lean years. 26/

Others are not hesitant to blame the Western powers for the present predicament of Finland, in that they permitted the USSR to impose such heavy burdens of reparations on Finland at the end of the war. Almost all Finns are satisfied, however, with their post-war economic achievement and feel confident that they can hold their own against possible Soviet encroachments.

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APPENDIX A

SUPPORTING STATISTICAL DATA

Table 4  
Finnish Imports, by Country of Origin <sup>a/</sup>  
1938, 1945, and 1947-54

	1938		1945		1947		1948		1949		1950		1951		1952		1953		1954 <sup>b/</sup>	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
USSR	106.0	1.2	1,292.9	19.0	5,305.8	11.3	8,270.6	12.5	7,546.1	11.4	7,070.4	7.9	11,066.6	7.6	22,040.3	12.1	26,135.1	21.4	27,073.0	19.8
Sweden	1,111.3	12.9	3,500.6	51.3	2,252.3	4.8	3,178.7	4.8	4,375.5	6.6	5,880.7	6.6	8,746.1	5.6	10,610.1	5.8	5,299.5	4.4	6,933.0	5.1
Denmark	391.2	4.6	1,935.8	15.2	3,017.1	6.4	5,348.9	8.0	4,022.7	6.1	7,071.8	7.9	8,883.4	5.7	6,787.5	3.7	3,606.5	3.0	3,584.0	2.6
Germany	1,722.7	20.0	105.8	1.6	17.1	0.0	106.5	0.7	4,022.7	6.1	3,936.1	4.4	14,693.4	9.5	22,616.4	12.4	9,348.5	7.7	10,149.0	7.4
Netherlands	370.4	4.3	16.7	0.3	2,202.3	4.7	3,958.3	6.0	5,907.8	9.0	6,169.2	6.9	11,790.1	7.6	10,295.4	5.7	7,572.5	6.2	9,886.0	7.2
Belgium-Luxembourg	143.9	5.2	21.7	0.3	3,725.2	7.9	3,574.4	4.9	9,117.3	5.9	3,996.4	4.5	9,117.3	5.9	5,929.0	3.3	3,297.1	2.7	4,550.0	3.3
UK	1,862.3	21.6	786.8	10.7	8,207.2	17.5	16,672.8	25.1	14,668.4	22.1	20,745.5	23.3	32,736.4	21.1	34,656.3	19.0	19,204.7	15.8	28,598.0	19.8
France	188.7	2.2	0.2	0.0	2,017.6	4.3	2,569.7	4.5	6,304.3	9.6	5,423.7	6.1	10,532.6	6.8	18,411.8	10.1	6,973.8	5.7	9,215.0	6.7
US	773.6	9.0	0.2	0.0	11,139.1	23.7	8,006.0	12.0	5,079.2	7.7	5,322.5	6.0	10,747.2	6.3	14,025.5	7.7	6,093.4	5.0	7,040.0	5.1
Others	1,637.2	19.0	117.2	1.6	9,093.1	19.4	14,193.3	21.5	14,389.3	21.6	23,531.2	26.4	37,351.0	23.9	36,814.0	20.2	34,329.1	28.1	45,169.0	32.6
Total	8,607.3	100.0	6,820.5	100.0	46,970.5	100.0	66,369.2	100.0	66,277.6	100.0	89,147.5	100.0	155,464.1	100.0	182,186.3	100.0	121,860.2	100.0	152,137.0	100.0

a. 27/ Preliminary.

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Table 5  
Finnish Exports, by Country of Destination a/  
1938, 1945, and 1947-54

	1938		1945		1947		1948		1949		1950		1951		1952		1953		1954 b/	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent
USSR	43.5	0.5	1,545.5	29.6	5,607.7	12.4	6,287.9	14.7	10,010.1	15.3	6,238.6	7.6	15,548.9	8.3	27,496.3	17.5	33,468.9	25.4	33,720.0	21.4
Sweden	404.7	4.8	831.5	15.9	2,589.5	5.7	3,082.5	5.5	2,699.4	4.1	3,356.0	4.2	5,049.2	3.1	6,323.6	4.0	4,144.3	3.2	4,255.0	2.8
Denmark	270.0	3.2	571.4	10.9	3,238.5	7.2	3,593.2	6.4	4,376.1	6.7	5,991.7	7.3	8,362.0	4.5	5,304.8	3.4	4,983.3	3.5	5,395.0	3.4
Germany	1,243.7	14.8	571.4	10.9	52.9	0.1	465.6	0.8	1,984.5	3.0	4,459.8	5.5	13,327.9	7.1	14,489.8	9.2	9,183.1	7.0	11,980.0	7.4
Netherlands	374.9	4.5	26.7	0.5	2,055.0	4.5	4,077.7	7.2	4,616.0	7.0	6,552.0	8.0	9,435.2	5.1	7,752.3	4.9	5,987.6	4.5	7,083.0	4.4
Belgium-Luxembourg	261.2	3.1	84.9	1.6	2,342.9	5.2	2,155.2	3.8	2,728.3	4.2	3,331.2	4.1	5,545.6	3.0	4,176.8	2.7	3,661.1	2.8	4,610.0	2.9
France	3,701.1	44.1	1,839.1	35.2	13,578.7	30.0	16,000.2	28.3	17,845.8	27.2	19,033.3	23.4	57,516.8	30.8	37,256.1	23.8	28,974.6	22.0	35,169.0	22.5
Finland	277.6	3.3	15.1	0.3	1,739.5	3.9	3,165.1	5.2	3,053.7	4.7	4,410.9	5.4	11,007.4	5.9	10,966.4	7.0	5,830.6	4.4	7,301.0	4.7
Others	773.1	9.2	98.6	1.9	5,793.0	12.5	5,363.2	9.5	3,957.7	5.8	7,639.0	9.4	12,758.7	6.8	8,604.2	5.5	9,461.9	7.2	9,023.0	5.8
Total	1,048.2	12.5	215.0	4.1	8,830.4	19.5	10,314.2	18.2	13,344.6	20.2	20,426.2	25.1	47,531.6	25.4	34,458.9	22.0	26,259.8	20.0	38,442.0	24.6
	8,398.0	100.0	5,227.8	100.0	45,228.1	100.0	56,504.8	100.0	65,606.2	100.0	81,478.7	100.0	186,883.3	100.0	156,829.2	100.0	131,555.2	100.0	156,618.0	100.0

a/ Preliminary.

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Table 6

Finnish Foreign Trade, by Trading Areas a/  
1938 and 1950-54

	Billion Finnmarks					
	<u>1938</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>
Dollar area <u>b/</u>	1.6	14.6	25.7	23.1	16.4	16.9
Sterling area <u>c/</u>	5.9	46.5	102.8	76.9	50.9	68.2
EMU (except UK and Ireland) <u>d/</u>	7.9	64.9	140.9	140.6	83.9	103.6
Sino-Soviet Bloc <u>e/</u>	0.7	26.0	46.0	69.1	83.3	87.5
Other countries	0.8	18.3	26.7	29.0	19.0	32.5
Total	<u>16.9</u>	<u>170.3</u>	<u>342.1</u>	<u>338.7</u>	<u>253.5</u>	<u>308.7</u>

a. 29/

b. To 1952, US and Canada. After 1952, US, Canada, Mexico, Cuba, and Venezuela.

c. To 1952, UK, Ireland, Egypt, South Africa, Southern Rhodesia, India, Pakistan, Ceylon, British Malaya, Australia, and New Zealand. After 1952, the British Commonwealth.

d. Sweden, Norway, Denmark, Iceland, Netherlands, Belgium-Luxembourg, West Germany, Austria, France, Italy, Greece, Turkey, Portugal, and Switzerland.

e. USSR, Poland, Czechoslovakia, East Germany, Hungary, Rumania, Bulgaria, and Communist China.

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Table 7

Finnish Trade with the USSR and the Sino-Soviet Bloc  
as a Percentage of Total Foreign Trade a/  
1947-54

<u>Year</u>	<u>Percent of Imports</u>		<u>Percent of Exports</u>	
	<u>USSR</u>	<u>Bloc</u>	<u>USSR</u>	<u>Bloc</u>
1947	11.3	14.3	12.4	31.1
1948	12.5	19.0	14.7	31.8
1949	11.4	19.5	15.3	32.8
1950	7.9	18.0	7.7	20.7
1951	7.6	16.0	8.3	17.1
1952	12.1	19.4	17.5	25.6
1953	21.4	34.4	25.4	31.4
1954	17.8	28.7	21.5	27.9

a. Figures are based on current value and include reparations and transfers of former German assets. 30/

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Table 8

Finnish Trade with the Sino-Soviet Bloc  
by Country of Origin and Destination a/  
1954

	Million Finnmarks	
	<u>Exports</u>	<u>Imports</u>
USSR	33,718.4	20,327.7
Poland	3,354.3	6,452.3
East Germany	2,702.0	4,572.0
Czechoslovakia	1,043.9	4,171.9
Hungary	793.9	1,152.5
Rumania	520.6	6,105.3
Bulgaria	113.8	274.2
Communist China	1,514.9	655.1
Total	<u>43,761.8</u>	<u>43,711.0</u>

a. 31/

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Table 9  
Finnish Trade with the USSR, by Commodity Groups a/  
1948-53

	Thousand US \$					
	Exports to the USSR <u>b/</u>					
	1948	1949	1950	1951	1952	1953
Food, beverages, and tobacco	2,893	3,091	405		1,596	14
Wood and wood manufactures <u>c/</u>	57,315	44,293	16,113	46,136	69,117	56,100
Chemicals	84	60	9		1,748	901
Manufactured goods	21,780	11,361	2,705	4,599	14,209	19,231
Machinery and transportation equipment	64,387	77,287	45,447	70,044	68,274	68,994
Miscellaneous manufactured articles and Others	455	164	123	292	56	282
<b>Total</b>	<u>146,914</u>	<u>136,256</u>	<u>64,802</u>	<u>121,071</u>	<u>155,000</u>	<u>145,522</u>
	Imports from the USSR					
Foodstuffs	37,913	19,525	16,469	30,750	64,611	60,169
Beverages and tobacco	703	132	426	685	616	394
Inedible crude materials except fuel	1,492	2,160	1,220	2,439	3,517	9,519
Mineral fuels	2,351	4,732	2,676	2,682	1,200	7,101
Chemicals	2,335	2,057	1,156	176	967	2,740
Manufactured goods	5,401	4,831	413	3,280	9,734	7,614
Miscellaneous and Others	1,012	1,443	1,316	1,378	936	2,110
<b>Total</b>	<u>51,207</u>	<u>34,880</u>	<u>23,676</u>	<u>41,390</u>	<u>81,581</u>	<u>89,647</u>

- a. 32/  
b. Including war reparations.  
c. Including synthetic fibers and woodpulp.

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Table 10

Projected Finnish Trade with the USSR  
Under the Trade Agreement of 1956-60

Thousand US \$

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<u>Year</u>	<u>Imports</u>	<u>Exports</u>	<u>Balance</u>
1956	107,500	147,500	40,000
1957	108,700	148,700	40,000
1958	117,500	157,500	40,000
1959	120,000	160,000	40,000
1960	123,700	163,700	40,000

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APPENDIX B

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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